

KAMIESBERG MUNICIPALITY

"gems galore from mountains to shore"

REAL GEMS
REAL EXPERIENCES
REAL ART

2014/15



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CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

VISION AND MISSION OF THE KAMIESBERG

VISION

The establishment of a climate change orientated and economically viable lifestyle through sustainable growth.

MISSION

To provide affordable quality service, alleviate poverty, and facilitate social and Local Economic Development through Comprehensive Rural Development of the Kamiesberg Municipal area through Integrated development planning, cooperative governance, skills development and the sustainable use of resources.

VALUES

Kamiesberg Municipality embraces the notion of Developmental Local Government. In order to fulfill this belief, we subscribe to the following values:

- ❖ Honesty and Morality
- ❖ Integrity and Transparency
- ❖ Equity and Dignity
- ❖ Commitment and Respect
- ❖ Compassion and Professionalism
- ❖ Service Excellence

Conservation, Climate Change Response and Responsible Development.

MAYOR'S FOREWORD

Vision

The following vision (an idealised view of where or what the organisation strives to be in the future) was adopted for Kamiesberg Municipality in May 2012 as part of the

Integrated Development Plan (IDP) for 2012-2017:

"The establishment of a climate change oriented and economically viable lifestyle through sustainable growth"

Sustainable development rests on three "pillars" namely economic development, social development and environmental protection. These three must always be in balance.

Effectiveness is a measure of how inputs and outputs relate to the achievement of an institution's strategic objectives and goals.

Efficiency means maximising the level of output for a given set of inputs, or minimising the inputs required to produce a given level of output.

Integrated Development Plan

In consultation with a wide spectrum of public stakeholders the Municipality identified the most critical issues and risks that need to be addressed should the organisation wish to

Survive the challenges and continue to function effectively, efficiently and economical. This process led to the formulation of six strategic outcomes (what we wish to achieve):

A financially sustainable municipality with well-maintained assets

Satisfied, involved and well informed clients

An effective, efficient, motivated and appropriately skilled work force

Access to affordable and reliable municipal infrastructure

Sustainable development of the municipal area

An integrated, stable and corruption free organisation

This is what the Municipality will focus on over the five year term of the IDP.

Kamiesberg Municipality's six strategic outcomes are aligned with the National Development

Plan.

Kamiesberg Municipality delivers services that are essential for the welfare and development of its residents. To ensure that service delivery is as efficient and economical as possible, the Municipality has compiled a five year strategic plan (IDP), allocated in most cases resources from external Departments for the implementation of the plan. The Municipality don't have a formal performance management system.

(Signed by :) _____

Mayor

DRAFT

COMPONENT B: EXECUTIVE SUMMARY

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The 2014/2015 financial year once again offered some unique ups and downs, the later especially on the financial front, with the municipality, like all other local authorities suffering with cashflow problems due to poor payment culture.

The budgeted operating deficit of the previous financial year was not a result of poor financial management, but due to the provision for depreciation and debt impairment. National Treasury provision requiring municipalities to unbundle its assets in order to make adequate provision for the replacement of such assets in future.

Although we realise there are no quick fixes to eradicate the impact of the GRAP 17 requirements and conditions, the execution of the IDP will deliver the necessary results as indicated in the turnaround of the budgeted deficit to a surplus.

Despite the said plan, management acted immediately by implementing an even further and stricter control approach, cutting back on any "nice-to-haves" without negatively effecting service delivery, with emphasis on service delivery remaining our CORE function.

On the negative side Kamiesberg received disclaimers for more than two consecutive financial years.

The challenge is now to strive for a better audit outcome.

The years ahead require innovative strategic thinking by the municipality, something to which we have committed ourselves unconditionally. We have already identified and documented our most crucial risks, and are busy implementing actions plans in respect of such risks to ensure our financial stability in the long term.

Despite all, we were fortunate that we could continue rendering quality services to our ratepayers during the past year. We will continue doing so, despite the challenges we face.

Challenge still exist with the alignment of the IDP, Budget, SDBIP and performance indicators.

The spending on the CAPEX represents a % of%. (previous year was ...%)

The spending on the OPEX, represents% (previous year was%).

The biggest challenges at our municipalities, is:

To plan for and implement MSCOA.

To implement SPLUMA

To take over the management of the Koinaas town.

We will keep on striving to make our ratepayers proud and are committed to performance excellence. However, to do so, our clients also have to realise their responsibility to assist

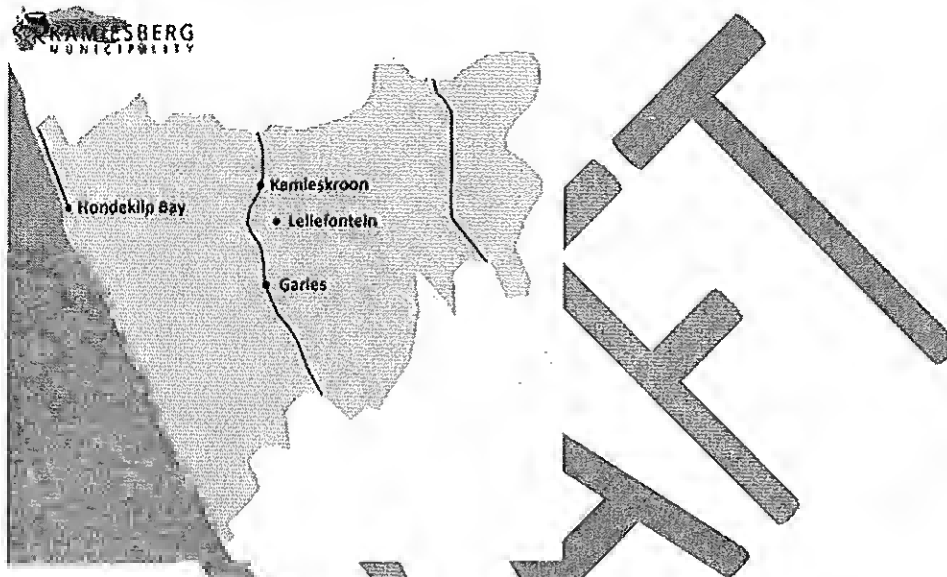
us in this regard: Paying for services, be part of Back to Basics: a responsibility to understand there are various priorities requiring attention, a responsibility to be reasonable, and a responsibility to trust that we have your Interests at heart!

We endeavour to remain professional and transparent in our dealings with you, at all times!

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Kamiesberg Municipality



- The Kamiesberg municipality consists of 16 small towns spread across more than 11,000 square kilometres of the Namaqualand in the Northern Cape.
- The surface of Kamiesberg is 1.3% of Northern Cape, making it suitable for farming with livestock on huge areas.
- Situated along the western part of Atlantic Ocean. The nutrient rich Benguela current that runs along the coast sustains an abundance of marine life that give rise to enormous potential for the development of fishing and mariculture industries. We have the most potential out of any area along the South Africa coast and indicators show that mariculture offers sufficient growth potential to replace diamond mining. Hence we engaged with the Provincial Government to develop new mariculture ventures in area.
- Kamiesberg is hot to many different deposits of minerals and mining will play an important part in our economy whilst minerals are depleted in our neighbouring municipalities and elsewhere in the Province.
- Kamiesberg Municipality is situated in the Succulent Karoo, one of South Africa's three biodiversity hotspots and the only arid hotspot in the world. Two of the priority areas in the South African National Biodiversity Institute Plan are located in Kamiesberg Municipality. Conservation International and other conservation donor groups are willing to conserve the areas and contribute to tourism development in our area. That opens the door for a conservation based economy.

- The Namaqua National Park lies within the Kamiesberg Municipality and is expanding to the Atlantic Ocean till the Groenriver Mouth. It is a national tourism asset and attraction which boosts tourism and the creation of jobs.
- Kamiesberg has an abundance of consistent strong wind especially along the coast, which makes wind energy a possibility. We have already engaged with an American entrepreneur and he put up test masks along the coast to research the viability of wind energy.
- As well as an abundance of sunshine and hot temperatures which can also open up a new industry namely solar heating. Kamiesberg is the place for alternative energy. Opportunities for investors lie in mariculture, alternative energy as an industry, tourism, mining, livestock and conservation based economy.

The sectors identified by the IDP as having economic growth and investment potential are:

- Livestock grazing,
- Mining and
- Tourism

Additionally, two emerging sectors are developing, namely:

- Aquaculture and
- Conservation and Ecological Restoration

These sectors can, however, not provide enough employment to address the level of unemployment in the area. The Municipality also does not have the necessary resources or characteristics to be developed into an economic powerhouse. This is due to the many challenges that face the Kamiesberg Municipality, of which includes the following:

- The scarcity of water in the area is one of the biggest concerns.
- Roads are a major concern; all roads in the area are gravel, except for the N7 from Cape Town to Namibia.
- There are no railways, harbours and airports.
- Low education levels resulting in the lack of skills and qualifications.
- Majority of the population live in dispersed settlements, approximately 80 km from each other and connected with gravel roads.
- Downscaling of the mining industry of which this is the core employment source in the area.

Population Details									
Age	Year - 1996			Year - 2001			Population ¹ Year - 2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 - 4	597	498	1095	478	491	970	458	407	865
Age: 5 - 9	649	568	1215	612	498	1110	455	398	853
Age: 10 - 19	1193	996	2189	1091	948	2039	1030	886	1916
Age: 20 - 29	841	760	1601	729	700	1429	654	659	1313
Age: 30 - 39	750	744	1494	795	781	1576	601	614	1215
Age: 40 - 49	546	599	1145	653	666	1319	699	703	1402
Age: 50 - 59	429	480	909	506	525	1031	552	570	1122
Age: 60 - 69	320	351	671	313	344	657	398	453	851
Age: 70+	304	290	594	278	345	623	288	361	649
Source: Statistics SA									

Overview of Neighbourhoods within Kamiesberg Municipality'		
Wards	Households	Population
Ward 1	713	2027
Ward 2	822	3262
Ward 3	720	2630
Ward 4	737	2268
Total	2992	10187

Natural Resources	
Major Natural Resource	Relevance to Community
Sea	Fishing/Mariculture development and Diamond Mining
Land	Agriculture and farming
Mining	Diamond and Granite Mining

COMMENT ON BACKGROUND DATA:

- Kamiesberg Municipality is a category B Municipality (NC064), established in 2001 in accordance with the demarcation process.
- The Municipality is located within the extreme western parts of the Northern Cape Province, and falls within the boundaries of the Namakwa District. The Municipality provides services to the towns and settlements of Garies, Hondeklipbaai, Kamassies, Kamieskroon, Kharkams, Kheis, Klipfontein,

Leliefontein, Lepelsfontein, Nourivier, Paulshoek, Rooifontein, Soebatsfontein, Spoegrivier, and Tweerivier. The nearest business centre is Springbok, which is about 120km away.

- The Kamiesberg Municipality serves a geographical area of 11,000km² and is divided into four municipal wards.
- The Municipality provides services to the towns and settlements mentioned above, and although there are in excess of 150 farms within the area, the Municipality does not provide any services to farms
- Our Municipality focus on its strengths, that being, the ability to *improve the quality of life of its residents by providing the necessary basic services and infrastructure*. The spatial consideration necessary to improve the basic essential services and infrastructure delivery are:
 - ❖ To identify the areas in greatest need of basic essential services.
 - ❖ To ensure equitable distribution of infrastructure and services.
 - ❖ For scarce higher order resources such as hospitals, it is important that these resources are situated where there will be optimum usage and accessibility.
 - ❖ To provide affordable and sustainable level of housing, services and infrastructure.
 - ❖ To ensure that environmental factors and constraints are taken into account in the delivery of services.
 - ❖ To establish and maintain clear communication channels and the involvement of all relevant Stakeholders and organizations.

1.3. STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	August
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 1 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor-General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	January - February
12	Municipalities receive and start to address the Auditor General's comments	March
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor-General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	April
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	April
T1.7.1		

COMMENT ON THE ANNUAL REPORT PROCESS:

The annual report process goes hand in hand with the budget and IDP process and a draft to be submitted with the Annual Financial Statements.

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CHAPTER 2 – GOVERNANCE

An effective governance frame work, system, policies and structure is crucial to the proper functioning of the Kamiesberg Municipality. The quality of governance and transformation is one of the major factors in turning the municipality into a developmental government focused on improving the quality of life in its jurisdiction.

Kamiesberg Local Municipality is a category B Municipality with a plenary system. The Mayor is the only full time councilor and is supported by 6 part time councilors. The Council performs both legislative and executive functions and focuses on legislative, oversight and participatory roles. The Council comprises of four (4) elected ward councilors and three (3) proportional representation (PR) councilors.

The Kamiesberg Municipality has a mandate to:

- ❖ Provide a democratic and accountable government for the total municipal area.
- ❖ Ensure the provision of services to communities in a sustainable manner.
- ❖ Promote a safe and healthy environment
- ❖ Encourage the involvement of communities and community organizations in the matters of Local Government.

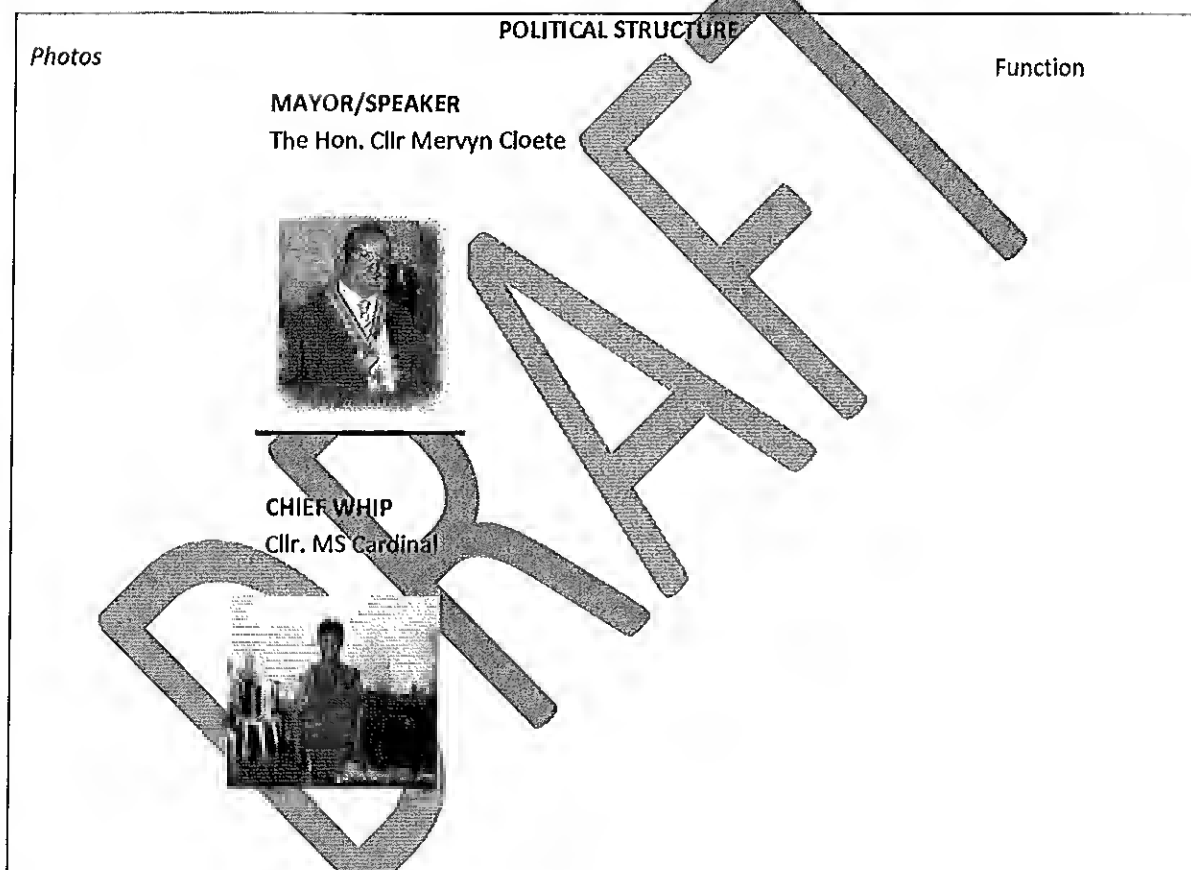
The Key Performance areas that were concentrated on are the following:

Key Performance Area	Description
Basic Service	The provision of Basic Services through infrastructure and maintenance thereof
Local Economic Development	The stimulation, strengthening and improvement of the local economy in order to achieve sustainable growth
Financial Viability and Management	The promotion and maintenance of a financially viable municipality
Municipal Institutional development & Transformation	The facilitation and development of sustainable service delivery through capacity building in the municipality
Good Governance and Public Participation	The role of the council to ensure effective public participation

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

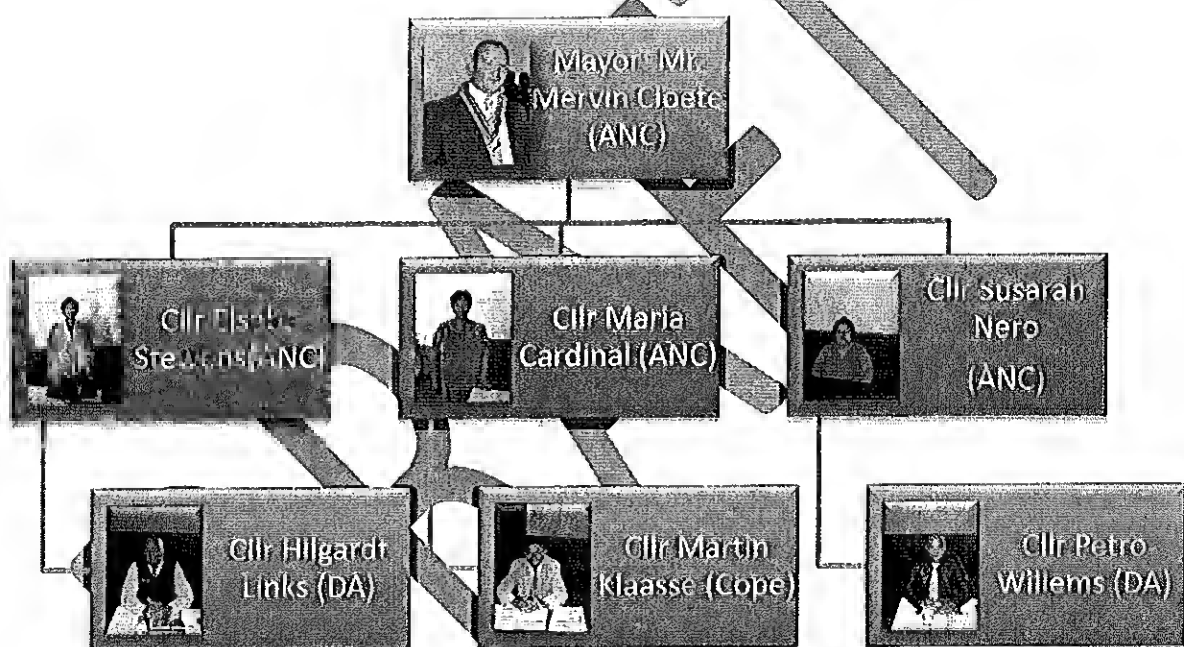
INTRODUCTION TO POLITICAL GOVERNANCE



COUNCILLORS

The legislative and executive authority of the municipality resides in council which was headed by the Mayor and 6 Councillors. The Council consists of the following members:

Mayor:	Cllr. MJ Cloete
Councillor	Cllr. E Stevens
Councillor	Cllr. S Nero
Councillor	Cllr. M Cardinal
Councillor	Cllr. P Willems
Councillor	Cllr. M Klaase
Councillor	Cllr. H Links



The council consists out of the following political parties.

African National Congress:	4 Councillors	Congress of the People	1 Councillors
Democratic Alliance	2 Councillors		

There are three female and four male Councillors.

POLITICAL DECISION-TAKING

Political decisions and council resolutions are based on advice with the Administration.

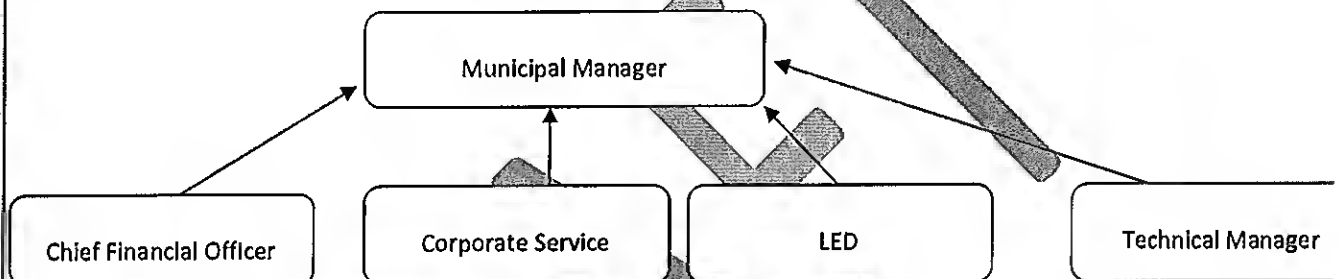
2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

Kamiesberg Municipality is structured in 4 departments namely:

- Finance
- Infrastructure
- LED
- Corporate

Each department has a Head of the Department and they report directly to the Municipal Manager.



TOP ADMINISTRATIVE STRUCTURE



Functions:

- Strategic planning
- Municipal management
- Financial Management
- LED
- Public Relations

TIER 1
MUNICIPAL MANAGER
Joseph Gerhardus Cloete
Section 54A appointment



TIER 2

Manager: Corporate Services

Daphne C Beukes

Section 56 appointment

Functions:

- General Administration
- Secretariat
- Legal Matters
- Human Resource and
- Labour Relations
- Ward Committees
- Cleaning Services
- Property Management
- Occupational Health & Safety
- Town Planning/LUM/GIS
- Billboards



TIER 2

MANAGER: Chief Financial Officer

Rufus C Beukes

Section 56 appointment

Functions:

- Financial Management
- Municipal Valuations
- Assets Management



Functions:

- Building Regulations
- Storm water management
- Municipal Roads
- Public Works and asset maintenance
- Fleet & Engineering maintenance
- Municipal Infrastructure
- Disaster Management

TIER 2

MANAGER: Head of Technical Services

Fredric A Links

Section 56 Appointment

Note: *Since May 2014 the Municipality performs without a LED Manager.

T2.2.2

*Denotes officials on fixed term performance contracts reporting to the Municipal Manager under the Municipal Systems Act Section 57.

COMPONENT B: INTERGOVERNMENTAL RELATIONS

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATION

The Council does not function in autonomy and strives to maintain good intergovernmental relations with its neighbouring municipalities, the Namakwa District Municipality, Regional IGR, Provincial IGR the Provincial Government, National Government and other agencies and intergovernmental bodies, such as SALGA, the Premier's Coordinating forum PIGR, Municipal Mayor's and MEC's Forum (MUNMEC)

2.3 INTERGOVERNMENTAL RELATIONS

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

- ❖ Provincial CFO Forum
- ❖ Provincial IDP Engagement
- ❖ RBPAC Forum
- ❖ MIG Engagement
- ❖ Blue and Green Drop Sessions
- ❖ LGTAs
- ❖ HR.SDP Forum
- ❖ Internship Assessment

DISTRICT INTERGOVERNMENTAL STRUCTURES

- ❖ District Technical IGR
- ❖ District Political IGR
- ❖ District Area Finance Forum
- ❖ District PMU
- ❖ District Health Forum
- ❖ District EPWP Forum
- ❖ District Audit Committee Meetings Shared Services

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Municipal Website (www.kamiesbergmun.co.za). Up and running. The challenge of updating website with new information still exists.

Other ways of communication are:

- ❖ All documents to be made public.
- ❖ All public meeting are also advertised on notice boards at all satellite offices.
- ❖ This includes Council meetings, Ward Committee Meetings, Budget and IDP meetings

The Council Interacts with its stakeholders at Ward Committee, Budget and IDP meetings; council meets the people and many other meetings and gatherings. These engagements are ongoing throughout the year. Most meetings are well attended, resulting in meaningful engagement.

WARD COMMITTEES

Ward Committees have been established in all four wards but the ward committees are not fully functional and meetings were held together with the Ward Councillor's quarterly meetings

T2.4.2

Public Meetings					
IDP and Budget Consultation (Towns)	Date of events	Number of Participating Municipal Councillors	Number of Participating Municipal Administrators	Number of Community members attending	Dates and manner of feedback given to community
Kamieskroon	12/05/2015	1	3	26	
Hondeklopbaai	19/05/2015	1	3	45	
Leliefontein	13/05/2015	0	3	57	
Paulshoek	20/05/2015	1	3	42	
Nourivier	20/05/2015	1	3	31	
Kamasies	13/05/2015	0	3	18	
Tweerivier	12/05/2015	1	3	33	
Kharkams	14/05/2015	1	3	30	
Kheis	19/05/2015	1	3	31	
Rooifontein	13/05/2015	0	3	33	
Spoegrivier	19/05/2015	1	2	43	
Klipfontein	19/05/2015	1	3	66	

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Meetings were held and most were well attended resulting in greater impact and effectiveness. Issues were listed and feedback was communicated to the community. Non-attendance at meetings for Garles, Soebatsfontein and Lepelsfontein.

2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	N
Does the IDP have priorities, objectives, KPIs, development strategies?	Y
Does the IDP have multi-year targets?	Y
Are the above aligned and can they calculate into a score?	N
Does the budget align directly to the KPIs in the strategic plan?	Y
Do the IDP KPIs align to the Section 57 Managers	Y

Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Y
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	N
Were the indicators communicated to the public?	Y
Were the four quarter aligned reports submitted within stipulated time frames?	N
* Section 26 Municipal Systems Act 2000	
T2.5.1	

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COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

Note: MFMA S62 (i) (c) requires a Municipality to have and maintain an effective, efficient and transparent system of Risk Management.

RISK ASSESSMENT REPORT ADOPTED BY COUNCIL.

No.	Risk Description	Risk Factors
1	Non alignment of the IDP to the National/Provincial planning guidelines.	Ineffective consultation processes. Insufficient funding for implementing projects. Poor stakeholder (sector departments) participation and cooperation.
2	Non alignment of the IDP to the budget.	Noncompliance with MFMA Section 36 by Departments.
3	Inability of the Municipality to meet 2014 Operation Clean Audit target.	Inadequate systems to support OPCA Initiative. Insufficient staff and skills. Lack of commitment. Changes in legislation/standards. Lack of support from Provincial Treasury and CoGHSTA.
4	Inadequate IT governance framework to support Municipal operations.	Absence of an IT unit.
5	Occurrence of irregular and fruitless expenditure.	Noncompliance with SCM processes and procedures. Lack of understanding of SCM Processes.
6	Inability of the Municipality to remain within the allocated budget (SDBIP).	Ineffective monitoring of budgets by HOD's. Late transfer of allocations from Treasury/CoGHSTA. Occurrence of emergencies/natural disasters. Poor budgeting by HOD's.
7	Inadequate reporting on performance information.	Noncompliance with PMS.

The following risks have been selected from various programmes and sub programmes and are regarded as top operational risks:

Sub Programme	Risk Description	Causes
Expenditure	Late payments of suppliers.	Late submission of invoices. No availability of signatories. Insufficient fund (cash flow)
Expenditure	Loss/misplacement of documents.	Limited office space, documents not returned by Auditors. Filing cabinets not locked
SCM and Asset Management	Misalignment between the asset register and the physical assets.	Movement of the Assets without Notification
Revenue	Loss of revenue	Demarcation, decrease in equitable share, poverty, incorrect meter and electricity readings, lack of resources (computers)
HRM	Loss of skilled and trained staff within the Municipality	No Retention Strategy.
HRM	Non implementation of HR policies and procedures.	Lack of Communication.
HRM	The absence of a performance management system.	Misalignment of Strategic Documents/Lack of Staff
Records Management	Non-Compliance with the Archive act	Lack of funding/Lack of staff skills
Library Services	Lack of infrastructure	Lack of Funding
Health and Safety	Non implementation of the occupation Health and Safety Act	The absence of OHS Rep
Roads and streets	Inability to complete work on roads within the targeted time frame	Shortage of staff, unqualified technical workers, lack of funds

Sanitation and water sewerage	Poor management of oxidation ponds and waste water treatment works	Inadequate resources
Sanitation and water sewerage	Limited implementation of contingency plan at the pump station in case of power failure	No back up of electricity supply
Water services	Contaminated water	Lack of proper fencing
Water services	Poor water quality	The absence of desalination plant

The identification and assessment of risks alone is not sufficient for the Municipality. Development of monitoring tools to track or monitor the implementation of mitigation risks strategies, continuous awareness programmes as well as embedment of risk management into daily business activities are key towards implementation of effective risk management in the Municipality.

We express our sincere appreciation to the Senior Management and all staff members of Kamiesberg Municipality in giving us the opportunity to facilitate risk assessment sessions and assist in areas of risk management.

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

MSA 2000 S83(c) requires providers to be chosen through a process which minimizes the possibility of fraud and corruption.

Council adopted a zero tolerance attitude towards fraud, theft and corruption, as contained in the Fraud Awareness & Prevention Policy.

The signing of a commitment by all municipal employees formed part of the implementation of the policy, and management accepted the responsibility to ensure that all employees are made aware of the policy and receive appropriate training and education on a regular basis. All newly appointed employees undergo induction, which includes the acceptance of the zero tolerance attitudes towards

fraud, theft and corruption. Council has a very strong attitude towards legislative compliance, specifically supply chain management principles, without councillor and/or political interference.

These measures have surely dissuaded acts of fraud, theft and corruption. No alleged theft matters occurred during this Financial.

T2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW

SUPPLY CHAIN MANAGEMENT

Kamiesberg Municipality has amended its SCM policy to provide for the new legislation and internal processes to ensure MFMA and SCM Regulations compliancy. All Bid Committees are in place namely the Bid Specification, Evaluation and Adjudication Committee's.

No councillors are part of any SCM committees. These committee members are appointed by the Accounting Officer prior to the specifications meeting when a bid is requested.

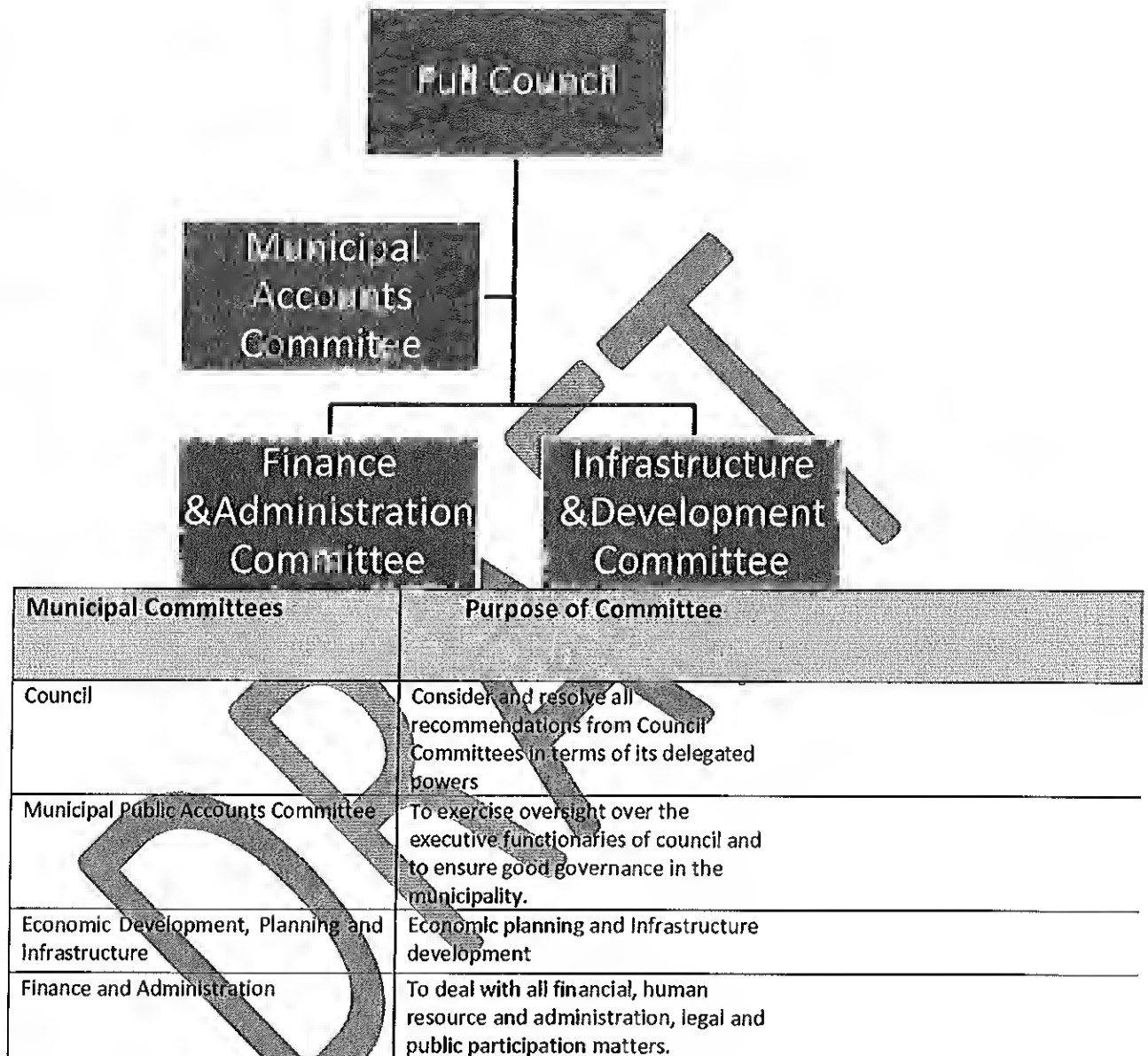
Deviations from policy must comply with the requirements and be reported to Council. In the limited number of cases that this occurred, it was for justifiable reason and all such cases should be reported to Council.

2.9 WEBSITES

COMMENT MUNICIPAL WEBSITE CONTENT AND ACCESS:

Kamiesberg Municipality website complies with most of the requirements of Section 7S of the MFMA and was constructed late 2012. The Council website address is www.kamiesbergmun.co.za

2.10 MUNICIPAL OVERSIGHT COMMITTEES



CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

COMPONENT A: BASIC SERVICES

Services rendered by Kamiesberg Municipality include water; waste water (sanitation); electricity; waste management;

INTRODUCTION TO BASIC SERVICES

There are many challenges which face the Kamiesberg municipality and a few is worth mentioning. The scarcity of water in the area is one of the biggest concerns. Water in most households is too salty for human consumption and we are looking outside the municipal area for potable water. The high salty levels in water has led to the construction of desalination plants most villages. The proposal is to subsidize poor people to cover the cost of the water.

Roads are a major concern; all roads in the area are gravel. They are often in a bad condition due to lack of timeous maintenance. Kamiesberg municipality is the only municipality which has gravel on all of its roads.

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

All the towns within the Kamiesberg area have either a house or erf connection.

Status of Free Basic Water Services:

- Free basic services are delivered to indigents households with a monthly income of R2800 or less.
- 1345 households are registered indigents of which all receive free basic water and free basic sanitation.
- Due to the scarcity of water only 2 kilolitres of water per month is free to all registered indigent households (national standard is 6kl). There are currently 1345 registered indigent households (households earning less than R2800 per month).
- Kamiesberg municipality has 16 small villages all relying on groundwater. The challenges experienced are listed below:
 - ❖ The Koingnaas Mine supplies water to Hondeklipbaai which periodically experiences extreme water shortages. The bulk water storage should be upgraded.
 - ❖ The scarcity of water has resulted in generally low water consumption and only the first 2 kl is free to all households.
 - ❖ Water is generally hard and use is made of desalination processes to reduce the dissolved salts which are expensive.
 - ❖ With the construction of the hospital in Garies, pressure has been placed on the water resources and storage. A new reservoir complex for the total Garies area is constructed to replace the current stagnated, limited system.

The annual MIG allocation to fund and address all these challenges is too small.

Water Service Levels	
Description	Households 2014/15
Water :(Above min level)	
Piped water inside yard	2868
Other water supply (within 200m)	0
Minimum Service Level and Above sub-total	2868
Minimum Service Level and Above percentage	95.8%
Water(below min level)	
Using public tap (more than 200m from dwelling)	
Other water supply (more than 200m from dwelling)	
No water supply	83
<i>Below Minimum Service Level Subtotal</i>	83
<i>Below Minimum Service Level Percentage</i>	0.28%
Total number of households	2992

Water quality

Monthly test samples of water were taken in every town and village at certain points and generally the quality of the water is very good except minimal problems with Ecoli

3.2 WASTE WATER (SANITATION) PROVISION

To give effect to strategic objective of the Kamiesberg Municipality to provide infrastructure for basic services and ensuring a safe and healthy environment, Council has made considerable investment in its infrastructure development program. That is why good sanitation services exist in the municipal area where the majority of the residential areas have waterborne sanitation. However, some areas still rely on septic tanks and pit latrines, notably the smaller towns around Garies. The serving of the septic tanks becomes increasingly demanding during the peak holiday season and require more frequent emptying. The municipality does not have

adequate capacity and resources available to cope with such demand. More than 70% of the households have access to flush toilets, flush septic tanks or chemical toilets.

Description	Number of households
Sanitation/sewerage: (above minimum level)	
Flush toilet (connected to sewerage)	1314
Flush toilet (with septic tank)	339
Chemical toilet –Pit latrines(ventilated)	1984
Other toilets provisions (water recycling tanks)	34
Sanitation/Sewerage : (below minimum level)	
Bucket toilet	0
No toilets	82
<i>Below Minimum Service Level percentage</i>	0.27%
<i>Total Households</i>	2992

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Electricity reticulation means bulk supply of electricity, which includes for the purposes of such supply, the transmission, distribution and, where applicable, the generation of electricity, and also the regulation, control and maintenance of the electricity reticulation network, tariff policies, monitoring of the operation of the facilities for adherence to standards and registration requirements, and any other matter pertaining to the provision of electricity in the municipal areas. The Kamiesberg Municipality adopted a free basic service policy by which 50 kilowatts of electricity is given free to all indigents.

Due to the declining mining industry, the mining operators (DBMC) have approached the Municipality to take over the infrastructure in such mining towns as Koingnaas. These towns, without having an economic footing once the mining operations cease to exist, will not be able to afford pay for services and as such will place a higher burden on the municipality to supply adequate services under the indigent programme.

Existing Electricity infrastructure

Kamiesberg Municipality, as the distributor, supplies consumers within the licensed area of supply. The distribution of electricity within the municipal area is governed further by distribution licences with NERSA, which regulate the areas to which the municipality may distribute electricity. According to the licence the distribution area includes: Rooifontein, Garies, Kamasies, Nourivier, Kamieskroon, Pauishoek, Klipfontein, Spoegrivier, Hondeklipbaai, Soebatsfontein, Kheis and Lepelsfontein. 97.2 % of Kamiesberg Municipality has access to electricity and it was expected that the remaining 2.8% would have access in the near future. Soebatsfontein and Nourivier (2015/16).

Alternative Fuel and Energy Sources

The Municipality are trying to achieve a 10% saving on the use of electricity and has in terms of their IDP expressed their intent to explore alternative energy generation such as wind and solar power. The area is well suited for both of these alternative generation processing's.

3.4 ROADS AND TRANSPORT

Roads

Roads are a major concern, all roads in the these areas are gravel and in a bad condition .Kamiesberg Municipality is the only municipality which has gravel on all its road .Maintenance, upgrading and repairing of municipal roads are still the responsibility of the local municipalities. Phases 1 of the Klipfontein /Hondeklipbaal tar road were finished. The paving projects in Rooifontein, Nourivler en Paulshoek were finished too while the project in Kheis are still ongoing.

Transport

The main transport infrastructure serving the area is the N7 -Road which runs through the area connecting Namibia and Cape Town .The area is not served by railways or airways .The Kamiesberg municipality has no Integrated Transport Plan in place.

Performance Scorecard

MUNICIPAL MANAGER

Key Performance Element (KPE)	Key Performance Indicator (KPI)	Annual Target	30 June 2015	Achieve /Not Achieve	Reason for Non Achievement	Portfolio Evidence
Infrastructure Development	Identification, prioritisation and review of service delivery projects	4		Achieve		Implementation plans
Ensure the establishment of an organisational structure to fulfil basic service delivery needs	Filling of critical posts	1		Achieve		Advertisement, short listing, score sheets, attendance register or interview panel, letter of appointment
Performance Management	All section 56 employees have performance agreements that are reviewed quarterly	4		Achieve		Agenda and minutes
	Number of performance reports (bi-annually and annually) submitted indicating performance improvement	8		Not Achieve		Actual reports Minutes from committees
Compliance with all financial legislative	Unqualified Audit Report	1x Qualified Report		Not Achieve		Qualified report

requirements and related guidelines for National treasury						
Compliance with the effective management of Council financial resources	No unauthorised, fruitless and irregular expenditure	Expenditure as per budget and SCM policies		Not Achieve		No unauthorised, fruitless and irregular expenditure
Completion and Implementation of a support plan for staff morale and motivation	An improved staff morale	A support plan addressing the staff morale and motivates employees		Not Achieve		An improved staff morale

CHIEF FINANCIAL OFFICER

Key Performance Element (KPE)	Key Performance Indicator (KPI)	Annual Target	30Jun 2015	Achieve /Not Achieve	Reason for Non Achievement	Portfolio Evidence
Ensure that Financial personnel achieved minimum competency levels	Training Interventions	4		Partially achieved		Certificate in minimum competency
Operation clean Audit by 2015	Unqualified audit report with matters by June 2015	100%	100%	Achieved	Spending as per grant reporting	Council resolution of approved plan
						Minutes of meetings
						Internal audit reports
						Update risk register
Ensure sound financial management and financial sustainability	95% spending of Capital Budget (Including grants) by 30 June 2015	100%	96%			Financial and Audit reports
Development of budget applicable to legislation and guidelines	Annual development of the final budget 2015/16 to be tabled and adopted by Council 31/05/2015	100%		Achieve	Budget time table submitted	Council resolution of approved plan
Implementation and monitoring of council decisions	Manage execution of council resolutions /delegations	100%		Achieved		Decision register
Developing and approving budget related policies	Develop new policies ,by –laws and procedures	100%		Achieved		Updated and approved policies as at 30/06/2015

HEAD OF TECHNICAL SERVICES

Key Performance Element (KPE)	Key Performance Indicator (KPI)	Annual Target	30Jun. 2015	Achieve/Not Achieve	Reason for Non Achievement	Portfolio of Evidence
To improve service delivery in terms of infrastructure development	The upgrading of Paulshoek bulk water supply network	100%	97%	Not Achieve	Project is under retention	Payment certificate and progress Reports
	The upgrading of Garies desalination plant and bulk water supply network	100%	15%	Not Achieve	Project is out on tender	Tender documents
	Rooifontein Groundwater desalination, bulk water, borehole development and reservoir	100%	100%	Achieve		Payment certificate and progress Reports
	Kamieskroon Groundwater desalination, bulk water, borehole development and reservoir	100%	100%	Achieve		Payment certificate and progress Reports
Water Services	Water Quality tests - Monthly	100%	100%	Achieve		Payment certificates and BDS System
Solid Waste management	Remove household garbage once a week	100%	100%	Achieve		Signed job cards
	Implement suction tank for better service delivery		5%	Not Achieve	Bussiness plan to Acclp	
Electricity	Disconnections per credit control check .Provide technical support on account enquires	100%	100%	Achieve		Disconnection list

HEAD OF CORPORATE SERVICES

Key Performance Element (KPE)	Key Performance Indicator (KPI)	Annual Target	30 June 2015	Achieve /Not Achieve	Reason for Non Achievement	Portfolio Evidence
Development of Workplace Skills Plan to ensure training initiatives are implemented to improve skills capacity in the workplace	Development ,submission and implementation of Workplace Skills Plan	Jun-15		Achieved		Signed skills audit forms ,minutes and attendance register, council resolution conformation of receipt LGSETA
Development of Equity Plan to ensure equal opportunities are created to avoid discrimination in the workplace	Submission of approved 5 year EE plan to Department of Labour	Oct-14	Dec-2014	Achieved	Kamiesberg Municipality registered for online submission and due date was Jan .2015	EE Plan, council resolution, confirmation of receipt – Department of Labour
Development of Organisational PMS to ensure that the performance objectives and targets are achieved as set out in the IDP	Quarterly organisational evaluation of all head departments	Jun-15		Achieved		Council Resolution ,Signed OPMS ,E-mail confirmation ,signed performance evaluations

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART 11)

4.1 ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: MUNICIPAL WORKFORCE

In terms of Section 67 of the Municipal Systems Act a municipality is required to develop and adopt appropriate systems and procedures to ensure fair, efficient and transparent personnel administration in accordance with the employment Equity Act 1998.

Organizational Development Performance Workforce Profile

Employees 2014/15									
Occupational Levels	MALE				FEMALE				TOTAL
	A	C	I	W	A	C	I	W	
Top Management	0	1	0	0	0	0	0	0	1
Senior Management	0	3	0	0	0	1	0	0	4
Professionally qualified and experienced specialist and mid - management	0	2	0	0	0	8	0	0	10
Skilled Technical and academically qualified workers, junior management ,supervlsors ,foremen and superintendents	0	5	0	0	0	1	0	0	6
Semi skilled and discretionary decision making	0	7	0	0	0	18	0	0	25
Unskilled and defined decision making	0	32	0	0	0	3	0	0	35
TOTAL PERMANENT	0	50	0	0	0	31	0	0	81
Temporary employees	0	6	0	0	0	7	0	0	13
GRAND TOTAL	0	56	0	0	0	38	0	0	94

**These totals includes Top and Senior Management and exclude Councillors*

Employees with disabilities

Total number of black (African ,Coloured ,Indian)employees	99
Total number of employees with disabilities	3

**These totals includes Top- and Senior Management and Councillors*

Recruitment

We had the following recruitments - (1) one in the Corporate Department.
- (1) one in the Finance Department
- (4) Four in the Technical Department

Terminations

Three employees terminate work because of ending of contracts and one employee resigned.(Interns)

During this financial year we have three (3) Permanently Staff retirements.

Lydia Agenbagh _Finance Department

Andries Faroo _Technical Department

Martha Pieters _Department Corporate

We lost two of our staff members because of dead –Stefanus Owies(Technical Department) August 2014 and Katy Maarman (Office of the Mayor)June 2015.

Disciplinary Processes

We got one dismissal JJ Bienen (Technical Department).

COMPONENT B: CAPACITATING THE MUNICIPAL WORKFORCE

Kamiesberg municipality develops their human resources capacity in terms of Section 68(1) of the Municipal Systems Act.

Our Workplace Skills Plan and Annual training Report were submitted to LGSETA before June 2014 as regulated.

The following represents the employees who received training:

Municipal Key Performance Area	Main IDP Priority linked to Key Performance Area	Employed		Total
		Female	Male	
Basic Service delivery and Infrastructure development				0
Good governance				0
Local Economic Development				0
Municipal Transformation and Institutional Development				0
Municipal Financial Viability and Management	MFMP and Financial Systems	5	2	7

Planned Trainings

Electrical Engineering
Computer
Management Training
Fire Arm
First Aid
Plumbing
Supervision
Public Administration
MFMP

CHAPTER 5 - FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

KAMIESBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R
REVENUE			
Revenue from Non-exchange Transactions		31 710 010	21 553 149
Taxation Revenue		6 293 251	3 164 373
Property Rates	19	6 293 251	3 164 373
Transfer Revenue		25 413 261	18 376 374
Government Grants and Subsidies	20	25 413 261	17 780 206
Public Contributions and Donations	21	-	596 169
Other Revenue		3 498	12 402
Fines		3 498	934
Actuarial Gains	4	-	11 468
Revenue from Exchange Transactions		14 130 549	12 107 016
Service Charges	22	9 840 000	7 969 102
Rental of Facilities and Equipment	23	280 624	213 720
Interest Earned - external Investments	24	140 837	73 864
Interest Earned - outstanding receivables	25	2 545 667	2 444 735
Licences and Permits		122 434	342 124
Income for Agency Services		392 899	399 806
Other Income	26	808 289	663 665
Total Revenue		45 840 559	33 660 165
EXPENDITURE			
Employee related costs	27	(15 939)	(14 591)

		592)	545)
Remuneration of Councillors	28	(2 292 447)	(2 012 546)
Debt Impairment	29	(8 784 375)	(2 847 077)
Depreciation and Amortisation	30	(9 647 947)	(8 627 323)
Repairs and Maintenance		(588 860)	(935 797)
Actuarial Losses	4	20 439	(316 030)
Finance Costs	31	(1 752 919)	(700 289)
Bulk Purchases	32	(5 088 521)	(10 332 701)
Contracted Services		(647 127)	(577 842)
Other Operating Grant Expenditure	33	(1 623 400)	(7 609 310)
General Expenses	34	(5 158 349)	(5 109 606)
Total Expenditure		(51 503 097)	(53 660 067)
Operating Surplus for the Year		(5 662 538)	(19 999 902)
Gains/(Loss) on Sale of Assets	35	(14 482)	(17 955)
(Impairment loss)/Reversal of impairment loss	36	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		(5 677 020)	(20 017 857)

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

	2015 R	2014 R
<u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	4 998 120	3 685 397
Correction of Error	-	-
Grants received	9 129 000	6 595 000
Interest received	-	-
Repaid to National Revenue Fund	-	(4 953 000)
Conditions met - Operating		-
Conditions met - Capital	(7 903 737)	(329 276)
Conditions still to be met	<u>6 223 384</u>	<u>4 998 121</u>

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENT

The municipality has the following bank accounts:

Current Accounts

First National Bank - Account Number 620 2250 1440 (Primary Bank Account):	817 920	187 702
	<u>817 920</u>	<u>187 702</u>

Call Investment Deposits

First National Bank - Account Number 62012466018:	1 000	1 038
First National Bank - Account Number 62182751729:	219 572	10 000
First National Bank - Account Number 62117682791:	18 778	100 303
First National Bank - Account Number 62117684606:	140	140
First National Bank - Account Number 74282299369:	239 800	226 703
First National Bank - Account Number 71053360915:	118 045	111 587
First National Bank - Account Number 71059354764:	131 221	124 080
Momentum 3D Gearing Plan - Account Number 1001327535:	(11)	(11)
	<u>728 544</u>	<u>573 841</u>

COMPONENT D: OTHER FINANCIAL MATTERS

Comments on supply Chain Procedures.

The Supply Chain Unit work very hard to upgrade its data basis for suppliers. Officials went out of their way to ensure that the municipality deals with suppliers and service provider's with Valid Tax clearance certificates and correct construction ratings. We strive to keep our tender and quotation system as true to the policy and guidelines as possible. The three Bid Committees have been establishing namely Specification, Evaluation and Adjudication Committees. Training has been provided for the members of the committees by Provincial Treasury.

DRAFT

CHAPTER 5 – AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR

DRAFT

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous financial year	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
1	Policies and Procedures	to non-compliance with the	Internal control deficiency	Leadership	Yes	15/04/2015	30%	D Beukes	Corporate services	
2	Audit committee not functional	result in serious weaknesses in the internal control	Non-compliance with legislation	Governance	Yes	30/06/2015	50%	Accounting officer	Finance	
3	Internal audit unit was ineffective during the year of assessment	result in serious weaknesses in the internal control	Non-compliance with legislation	Governance	Yes	30/06/2015	0%	Accounting officer	Finance	
4	No Performance Management System (PMS) established	compliance Section 67(1)(d) of the Municipal	Non-compliance with legislation	Leadership	Yes	20/03/2015	0%	Accounting officer	Corporate services	
5	Creditors system	This may result in misstatements of trade payables and other included in the financial	Internal control deficiency	Financial and performance management	Yes	30/04/2015	60%	R Beukes	Finance	
6	Bank reconciliations not reviewed on a monthly basis	misstatements in the financial statements	Internal control deficiency	Financial and performance management	Yes	30/06/2017	50%	R Beukes	Finance	
7	Contingent Liabilities	t in the financial statements as the contingent	Misstatement in financial statements	Financial and performance management	No	30/12/2014	100%	D Beukes	Corporate services	

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous financial year	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
9	Finance leases register not reviewed	misstatements in the financial statements as items included on the lease register may be	Internal control deficiency	Financial and performance management	Yes	30/06/2015	50%	R Beukes	Finance	
10	Waste disposal sites operating without License	This relates to an understatement of contingent liabilities	Non-compliance with legislation	Leadership	Yes	30/06/2015	100%	Accounting officer technical department		
11	VAT 201 returns not submitted timeously to SARS	This can lead to a possible non-compliance with the tax law	Non-compliance with legislation	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
12	Cut-off list for debtors not implemented as per the credit policy	municipality therefore by not implementing the control, are providing	Internal control deficiency	Leadership	Yes	30/06/2015	75%	R Beukes	Finance	
13	Exception reports for third party payments not printed and reviewed	to non-compliance with the	Non-compliance with legislation	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
14	Annual Report not complying to MFMA with regards to the tabling of the Annual report	Compliance with policies set out in the municipality's human resources	Non-compliance with legislation	Leadership	Yes	31/01/2015	100%	D Beukes	Corporate services	
15	Short-listing and selection process of the candidates not followed		Internal control deficiency	Leadership	Yes	30/05/2015	50%	D Beukes	Corporate services	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous years (from)	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
16	Asset register not complete and in compliance with the Asset Management Policy	Register is not in compliance with the asset management	Internal control deficiency	Leadership	Yes	31-May-15	50%	R Beukes	Finance	
17	Late submission of EMP201's	Late submission of EMP 201 returns resulted in fruitless and wasteful expenditure	Non-compliance with legislation	Financial and performance management	Yes	31/01/2015	50%	R Beukes	Finance	
19	Incorrect recording of leave taken and non-compliance to Human Resources Policy and SALGBC Collective Agreement	This results in the possible overstate	Internal control deficiency	Leadership	Yes	30/04/2015	50%	D Beukes	Corporate services	
20	IT Governance Framework	Information assets might not be adequately protected	Internal control deficiency	Leadership	Yes	30/06/2015	0%	D Beukes	Corporate services	
21	Minutes	This results in non-compliance with laws and regulations if	Internal control deficiency	Leadership	Yes	30/06/2015	80%	D Beukes	Corporate services	
22	Inaccurate disclosure of commitments	t in the financial statements as the	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
23	Financial Statement disclosure discrepancies	Items disclosed in the notes to the Annual Financial Statements	Misstatement in financial statements	Leadership	Yes	30/06/2015	100%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous period	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
25	The budget information disclosed in the financial statements is inaccurate	Misstatement in the financial statements as the budget information is overstated.	Misstatement in financial statements	Leadership	Yes	30/06/2015	70%	R Beukes	Finance	
26	Overspent conditional grant incorrectly recorded	Assets and revenue might be overstated.	Misstatement in financial statements	Financial and performance management	Yes	31-Mar-15	50%	R Beukes	Finance	
27	Unspent Conditional Grants not supported by cash in bank	in non-compliance	compliance with legislation	Leadership	Yes	30/06/2015	60%	R Beukes	Finance	
28	Possible non-compliance to the Basic Conditions of Employment Act and human resource policy	Compliance with legislation	compliance with legislation	Financial and performance management	Yes	30/06/2015	50%	D Beukes	Corporate services	
29	Remuneration of key management personnel disclosed does not agree to the payroll	compliance to GRAP disclosure requirement	Non-compliance with legislation	Financial and performance management	Yes	30/06/2015	67%	R Beukes	Finance	
30	Accounting Officer and CFO not authorised signatories on all bank accounts	Compliance	compliance with legislation	Leadership	Yes	30/06/2015	60%	Accounting officer	Finance	
31	Assets of the Municipality underinsured	Compliance	compliance with legislation	Leadership	Yes	30/06/2015	8%	Accounting officer	Finance	
32	Acquisition recognised in the incorrect period	property, plant and equipment work-in-progress (capital)	Misstatement in financial statements	Leadership	Yes	31-May-15	30%	R Beukes	Finance	
34	IDP Discrepancies	in non-compliance with the	annual performance report	Financial and performance management	Yes	30/06/2015	40%	Accounting officer	LED Department	
35	SDBIP Discrepancies	in non-compliance with the	annual performance report	Financial and performance management	Yes	30/06/2015	50%	Accounting officer	Corporate services	
36	Budget Discrepancies	This results in non-compliance	Misstatement in annual performance	Financial and performance management	Yes	30/06/2015	50%	Accounting officer	Finance	

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous years (if any)	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
37	Annual Performance Report discrepancies	in non-compliance with the	annual performance report	Financial and performance management	Yes	30/06/2015	0%	Accounting officer	Corporate services	
38	Payables from exchange transactions are understated	from exchange transactions are understated	Misstatement in financial statements	Financial and performance management	Yes	31/04/2015	60%	R Beukes	Finance	
39	Understatement of fruitless and wasteful expenditure	Fruitless and wasteful expenditure is understated in the annual	Misstatement in financial statements	Financial and performance management	Yes	31/05/2015	100%	R Beukes	Finance	
40	Incorrect classification of expenditure	expenses could be misstated.	Misstatement in financial statements	Leadership	Yes	28/02/2015	60%	R Beukes	Finance	
41	VAT discrepancies	in the non-compliance with the VAT Act.	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	60%	R Beukes	Finance	
42	Cut-off errors with the recognition of overtime worked	in the understatement of the current employee benefits liability in both the	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
43	Fruitless and wasteful expenditure relating to employee cost	This results in payments being made to former employees after their dismissal which could	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	67%	R Beukes	Finance	
44	Performance management system discrepancies	This results in non-compliance	Misstatement in annual performance	Leadership	Yes	30/06/2015	0%	Accounting officer	Corporate services	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous reports (Yes/No)	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
45	Payments not made within 30 days	Payments not being made timeously could result in fruitless	Non-compliance with legislation	Leadership	Yes	30/06/2015	30%	R Beukes	Finance	
49	Guarantees not disclosed in the Annual Financial Statement	disclosure of guarantees is not	Misstatement in financial statements	Financial and performance management	Yes	31/11/2014	100%	R Beukes	Finance	
50	Annual report discrepancies	in non-compliance with the	annual performance report	Leadership	Yes	30/06/2015	0%	Accounting officer	Corporate services	
51	In service member not included in post-retirement health care benefit liability	The impact of the error could	Misstatement in financial statements	Financial and performance management	Yes	31/11/2014	100%	D Beukes	Corporate services	
52	Basic service delivery of water and sanitation	might result in basic services not being provided to	Misstatement in annual performance report	Leadership	Yes	30/06/2015	100%	Accounting officer	technical department	
53	Management of road infrastructure	This might result in that the roads under the control of the municipality is not adequately maintained, as well as possible	Misstatement in annual performance report	Leadership	Yes	30/06/2015	0%	Accounting officer	technical department	
55	Recognised in the incorrect accounting period	overstatement of	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
56	Three quotations were not attached	in the non-compliance of the Supply Chain Management	Non-compliance with legislation	Financial and performance management	Yes	30-Jun-15	70%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous financial year	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
57	Journals documentation discrepancies	compliance with Section 62 (1)(b) of the Municipal Finance Management Act	Non-compliance with legislation	Leadership	Yes	31/05/2015	60%	R Beukes	Finance	
58	Consumer Deposits	in non-compliance with the	Non-compliance with legislation	Leadership	Yes	30-Apr-15	60%	R Beukes	Finance	
60	Negative Carrying amount recorded in the asset register to balance the asset register	Assets that are no longer the property of the municipality	Internal control deficiency	Financial and Performance Management	Yes	31-Mar-15	100%	R Beukes	Finance	
61	Asset register reconciliations not performed monthly	ts on the asset register and general ledger might not be picked up	Internal control deficiency	Leadership	Yes	30-Jun-15	50%	R Beukes	Finance	
62	Completeness of Services Charges - Water and Electricity	nt of electricity and water sales and receivables as disclosed in the annual	Misstatement in financial statements	Leadership	Yes	31-Mar-15	60%	R Beukes	Finance	
63	Occurrence of Service Charges - Water	Possible overstatement of service charges	Misstatement in financial statements	Leadership	Yes	28-Feb-15	40%	R Beukes	Finance	
64	No service agreements for consumer accounts	compliance with laws and regulations, as well as the	Non-compliance with legislation	Leadership	Yes	30-Apr-15	40%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous financial year	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
65	Distribution losses	The disclosures in the financial statements compliance with the Municipal Properties Rates Act, 2004 (Act. 12 of 2004)	Misstatement in financial statements	Leadership	Yes	31-May-15	30%	R Beukes	Finance	
66	Non-compliance relating to the property register	The impact of this finding is that the municipality could suffer financial losses due to inadequate non-compliance of the Supply Chain	Non-compliance with legislation	Leadership	Yes	31-Mar-15	60%	R Beukes	Finance	
67	Deficiencies in Cash Management System	inadequate non-compliance of the Supply Chain	Internal control deficiency	Leadership	Yes	30-Apr-15	40%	R Beukes	Finance	
68	Three quotations not obtained	compliance of the Supply Chain	Non-compliance with legislation	Financial and performance management	Yes	30-Jun-15	40%	R Beukes	Finance	
70	Lists of accredited prospective providers	in non-compliance with the Supply Chain	Non-compliance with legislation	Financial and performance management	Yes	30-Jun-15	67%	R Beukes	Finance	
72	Existence of assets could not be verified	could be overstated	Misstatement in financial statements	Leadership	Yes	30-Jun-15	60%	R Beukes	Finance	
73	Occurrence of Service Charges - Electricity	Service revenue lead to financial losses as the municipality in the non-compliance with the Water	Misstatement in financial statements	Leadership	Yes	30-Jun-15	40%	R Beukes	Finance	
75	Consumers not billed on a monthly basis	in the non-compliance with the Water	Misstatement in financial statements	Leadership	Yes	30-Apr-15	60%	R Beukes	Finance	
76	Water Service Development Plan		Misstatement in annual performance report	Leadership	Yes	30/06/2015	40%	Accounting officer/technical department		

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous meeting (Financial)	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
77	Incorrect classification of Rental: Commonage Fee	Non-compliance with the MFMA and	Non-compliance with legislation	Leadership	Yes	30-Jun-15	100%	R Beukes	Finance	
78	Assets not recognised as individual components	Non-compliance with GRAP.	Non-compliance with legislation	Leadership	Yes	1 March 2015	50%	R Beukes	Finance	
79	No cost price or interest rate indicated in lease contract	This results in non-compliance with the Municipal Finance Management Act	Non-compliance with legislation	Leadership	Yes	31-May-15	70%	R Beukes	Finance	
80	Deviation reports not submitted to council or to the MEC for local government	in non-compliance with the Supply Assets could be	Non-compliance with legislation	Leadership	Yes	30/06/2015	0%	Accounting officer	Finance	
81	Reason for deviations not recorded	Irregular expenditure	Non-compliance with legislation	Leadership	Yes	30/06/2015	60%	R Beukes	Finance	
82	Completeness of assets	This results in non-compliance to GRAP requirement due to the	Misstatement in financial statements	Leadership	Yes	30-Jun-15	60%	R Beukes	Finance	
83	Incomplete disclosure of receivables in the notes to the financial statements	result in an overstatement of employee related	Misstatement in financial statements	Leadership	Yes	31-Mar-15	0%	R Beukes	Finance	
84	Incorrect formulas used in the calculation of allowance	This results in the non-compliance of the Supply	Non-compliance with legislation	Leadership	Yes	30/06/2015	100%	R Beukes	Finance	
85	Procurement discrepancies			Financial and performance management	Yes	30-Apr-15	80%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous year (Yes/No)	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
36	Reason for Deviations. Irregular expenditure	in non-compliance with the Supply Chain Management	Non-compliance with legislation	Financial and performance management	Yes	31/05/2015	40%	R Beukes	Finance	
37	Assets per the valuation roll not on the asset register	Assets might be understated.	Misstatement in financial statements	Leadership	Yes	30/06/2015	60%	R Beukes	Finance	
38	Proof of wages recognised not submitted	a possible misstatement of employee allowances might not be deposited into the bank account.	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
39	Bank deposit slips not provided for audit purposes	Possible overstatement of other income.	Misstatement in financial statements	Financial and performance management	Yes	31-Mar-15	60%	R Beukes	Finance	
40	Occurrence of other income	result in the loss of revenue, if the property taxes are not	Internal control deficiency	Leadership	Yes	28-Feb-15	60%	R Beukes	Finance	
41	Properties not transferred to new debtor on Venues system	Irregular expenses could be	Misstatement in financial statements	Financial and performance management	Yes	31-Mar-15	73%	R Beukes	Finance	
42	Persons not declaring interest	Irregular expenses could be	Misstatement in financial statements	Control activities	Yes	30/06/2015	50%	Accounting officer	Finance	
43	No invoice or quotation to perform procedures	compliance irregular expenditure	compliance	Leadership financial and performance	Yes	30/06/2015	60%	R Beukes	Finance	
44	Supplier information not furnished	compliance irregular expenditure	compliance	Leadership financial and performance	Yes	31/03/2015	100%	R Beukes	Finance	
45	Declaration of interest by provider	expenses could be irregular	compliance with legislation	performance management financial and	Yes	30/06/2015	50%	Accounting officer	Finance	
46	Requirements not advertised	irregular expenditure	compliance	performance management financial and	Yes	30-Jun-15	50%	R Beukes	Finance	
47	Bid advertised less than 30 days	compliance	compliance	performance management financial and	Yes	30-Jun-15	50%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous financial year	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
##	Bid results were not published on the website	compliance with Section 23 of the Municipal Supply Chain Management Regulations	Non-compliance with legislation	Financial and performance management	Yes	30/06/2015	100%	Accounting officer	Corporate services	
##	CIDB Regulations Discrepancies	compliance with the results in the over statement of accounts receivable by R 1 887	Non-compliance with legislation	Financial and performance management	Yes	1 June 2015	0%	R Beukes	Finance	
105	Debtors incorrectly recognised against the municipality's own properties	compliance with the results in the over statement of accounts receivable by R 1 887	Non-compliance with legislation	Financial and performance management	Yes	31-Jan-15	100%	R Beukes	Finance	
106	compliance to credit policy	This results in possible non-compliance to the Income Tax	Non-compliance with legislation	Leadership	Yes	31-Mar-15	47%	R Beukes	Finance	
107	Errors noted in the deduction of PAYE	The journals posted may not be valid which will negatively affect accounts	Internal control deficiency	Financial and performance management	No	30/06/2015	100%	R Beukes	Finance	
108	Journals not authorised by delegated official	Prohibited suppliers, fictitious suppliers or unauthorised suppliers can be added to the	Internal control deficiency	Financial and performance management	Yes	30/06/2015	60%	R Beukes	Finance	
109	IT controls over vendor master file	Other income could be misstated.	Internal control deficiency	Leadership	Yes	30/06/2015	0%	D Beukes	Corporate services	
110	Reconciliation registers for other income not performed on a monthly basis	Other income could be misstated.	Misstatement in financial statements	Financial and performance management	Yes	31-Mar-15	33%	R Beukes	Finance	
111	Accuracy of Property Rates	misstatement in financial statements	Misstatement in financial statements	Leadership	Yes	31-Mar-15	60%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous years (from)	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
112	Human Resource reports were not submitted to National Treasury	compliance with the Regulations on Minimum Competency with irregular expenditure	Non-compliance with legislation	Leadership financial and performance	Yes	30/06/2015	60%	D Beukes	Corporate services	
113	Preference point system not used	irregular expenditure	Misstatement in financial	financial and performance	Yes	30-Jun-15	60%	R Beukes	Finance	
114	Local production declaration.	irregular expenditure	Misstatement in financial	financial and performance	Yes	30-Jun-15	30%	R Beukes	Finance	
117	Irregular expenditure might be understated.	in possible non-compliance to the municipality's credit management with legislation	Non-compliance with legislation	Financial and performance management	Yes	30-Apr-15	33%	R Beukes	Finance	
118	Unspent Conditional Grants and also in the understatement	Unspent Conditional Grants and also in the understatement	Misstatement in financial statements	Financial and performance management	yes	30/11/2014	100%	R Beukes	Finance	
119	Unauthorised, Irregular, Fruitless and Wasteful expenditure: MFMA Liability recovery	This results in non-compliance with the	Non-compliance with legislation	Financial management and performance	Yes	30/06/2015	40%	Accounting officer	Finance	
121	No supporting documentation (Deviations)	This could result in the misstatement of irregular expenditure	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
122	No supporting documentation (Grants)	This results in a	Misstatement in financial	financial and performance	Yes	30-Jun-15	100%	R Beukes	Finance	
123	Supporting documentation not approved (Grants)	This could result in the compliance	Non-compliance	Leadership	Yes	30-Jun-15	100%	R Beukes	Finance	
124	No supporting documentation (Revenue)	This could result in the compliance	Non-compliance	Leadership	Yes	31-Mar-15	100%	R Beukes	Finance	
125	No supporting documentation (Revenue)	This could result in the compliance	Non-compliance	Leadership	Yes	31/03/2015	100%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

Task identified
Work in progress
Completed

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous financial year	Target Date	Prog%	Responsibility	Department within the Municipality	Remarks
QUALIFICATION										
126	Supporting documentation (Expenditure)	result in the compliance	Non-compliance	Leadership	Yes	31/03/2015	100%	R Beukes	Finance	
127	No supporting documentation (Receivables)	result in the compliance	Non-compliance	Leadership	Yes	31/03/2015	100%	R Beukes	Finance	
128	No supporting documentation (contract management)	result in the compliance	Non-compliance	Leadership	Yes	31/03/2015	100%	R Beukes	Finance	
129	No supporting documentation (Employee costs)	result in the compliance	Non-compliance	Leadership	Yes	31/03/2015	100%	R Beukes	Finance	
130	No supporting documentation (contract management - Expenditure)	result in the compliance	Non-compliance	Leadership	Yes	31/03/2015	100%	R Beukes	Finance	
131	Prior period limitation: No supporting documentation	result in the compliance	Misstatement in financial statements	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
132	Reclassification of asset (Expenditure)	result in the compliance	Non-compliance	Financial and performance management	Yes	30/06/2015	100%	R Beukes	Finance	
134	Daily reconciliations for safekeeping not provided	Misstatement in Operating expenses	Misstatement in financial	Financial and performance management	Yes	30/06/2015	40%	R Beukes	Finance	
135	Misstatement of expenditure	compliance with the requirement of section 52 (d) of the Municipal Finance Management Act, 2003	Misstatement in financial	Financial and performance management	Yes	30/06/2015	27%	R Beukes	Finance	
136	Quarterly reports not submitted to the council and other compliance matters	Items disclosed in the index and notes to the Annual Financial Statements	Non-compliance with legislation	Leadership	Yes	30/06/2015	50%	R Beukes	Finance	
137	Discrepancies on the financials	statements could be material misstated.	Misstatement in financial statements	Leadership	Yes	31/11/2014	100%	R Beukes	Finance	
140	Disclosure discrepancies		Misstatement in financial statements	Financial and performance management	Yes	31/11/2014	100%	R Beukes	Finance	

Project OPCAR (Operation Clean Audit Report) - 2013/2014

Joint Action Item List (JAIL)

Chairman: R Beukes

Date: 12 March 2015

Task identified

Work in progress

Completed

Purpose: The purpose of the JAIL is to track the allocation and status of project actions

EX No.	Item	Impact on Audit	Classification	Internal Control Deficiency	Reported in previous	Target Date	Prog%	Responsibility	Department within the	Remarks
QUALIFICATION										

TOTAL PROGRESS

69%

APPENDICES

APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Mervin Cloete	FT	Finance and Administration	Ward 4 - African National Congress	100%	
Elsabe Stewens	PT	Finance and Administration, Municipal Public Accounts,	Ward 1 - African National Congress	100%	
Hilgard Unks	PT	Infrastructure and Development, Oversight	Ward 3 - Democratic Alliance	100%	
Petro Willems	PT	Finance and Administration, Municipal Public Accounts	Ward 2 - Democratic Alliance	100%	
Susarah Nero	PT	Technical and Economic Development, Municipal Public Accounts	Proportional - African National Congress	100%	
Maria Cardinal	PT	Technical and Economic Development, Oversight, District Representative	Proportional - African National Congress	100%	
Martin Klaase	PT	Finance and Administration, Municipal Public Accounts	Proportional - Congress of the People	100%	
Note: * Councillors appointed on a proportional basis do not have wards allocated to them					T A

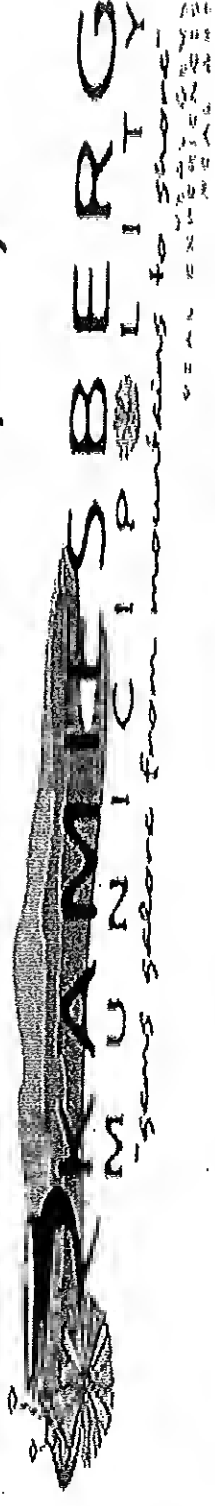
APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Municipal Committees	Purpose of Committee
Council	Consider and resolve all recommendations from Council Committees in terms of its delegated powers
Economic Development, Planning and Infrastructure	Economic planning and infrastructure development
Finance and Administration	To deal with all financial, human resource and administration, legal and public participation matters
Municipal Public Accounts Committee	To exercise oversight over the executive functionaries of council and to ensure good governance in the municipality.
Local Labour Forum	Communication between council and staff
Training Committee	To monitor training within the municipality and ensure that skills of staff is developed properly

APPENDIX C – THIRD TIER ADMINISTRATIVE STRUCTURE

DRAFT

Kamiesberg Municipality




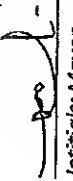
Organizational Structure

(Revised)

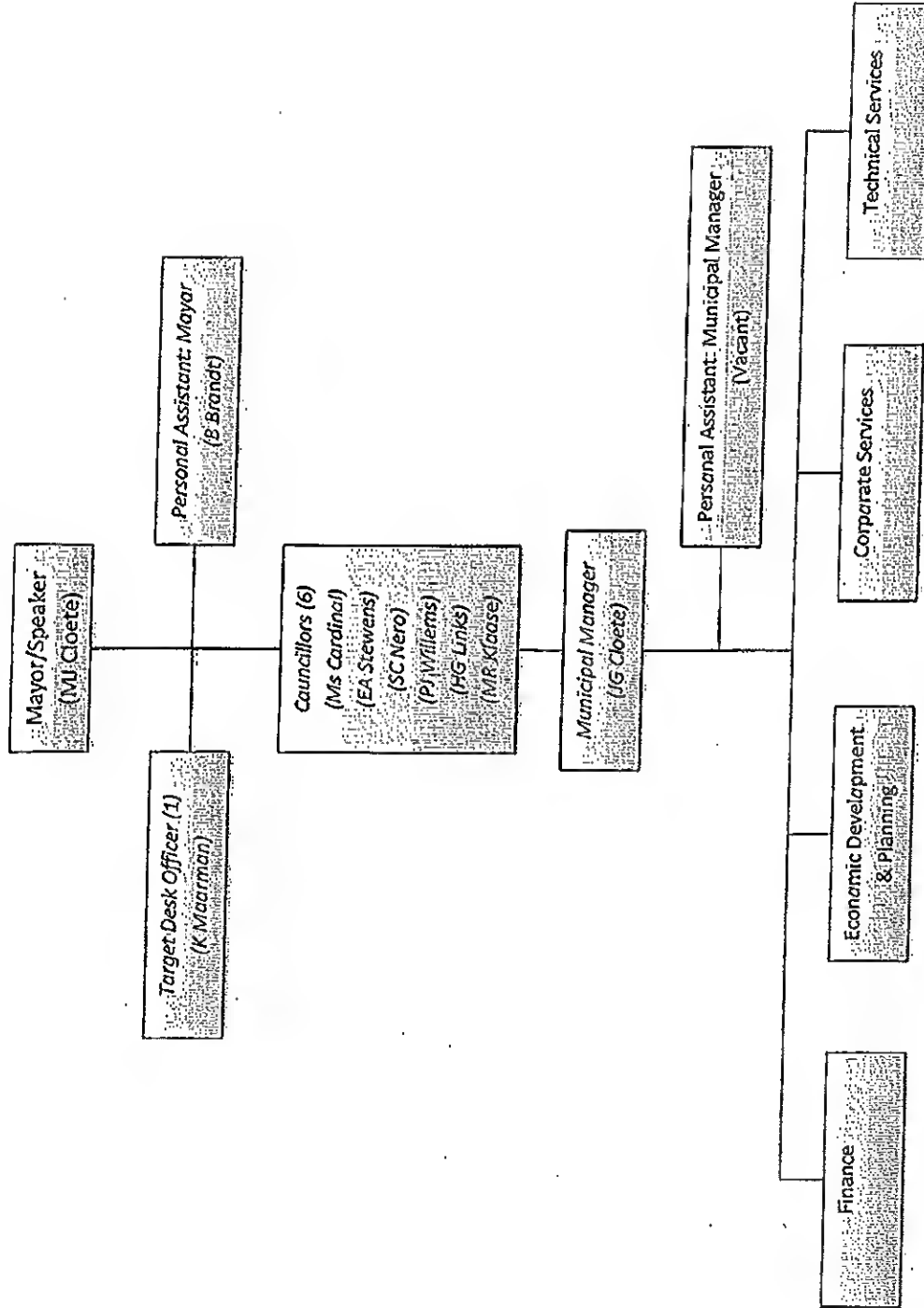
2014/2015


Date Approved: 30/09/2014

Signed: 
Mayor

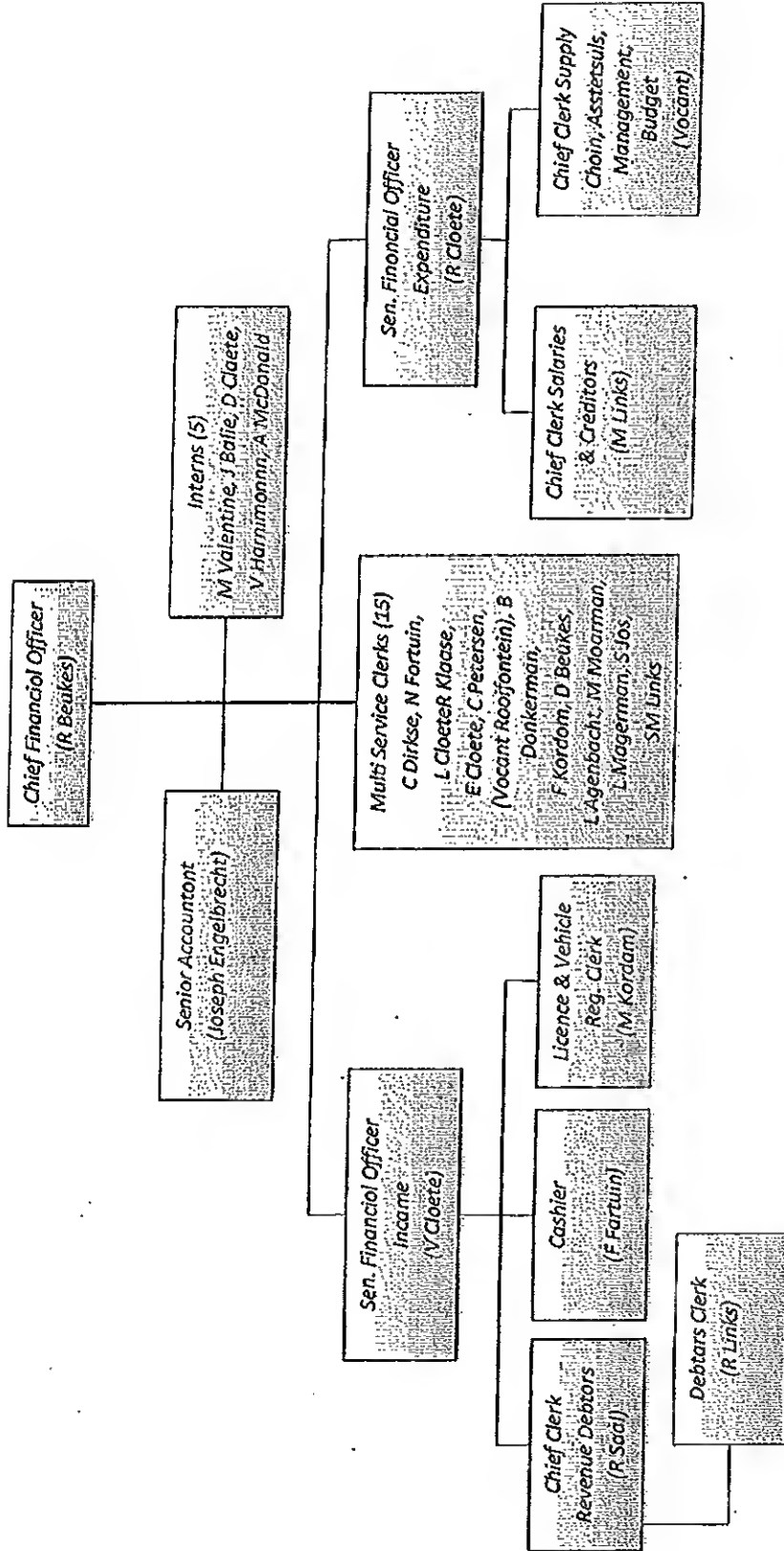

Initials: Mayor

KAMIESBERG ORGANIZATIONAL STRUCTURE



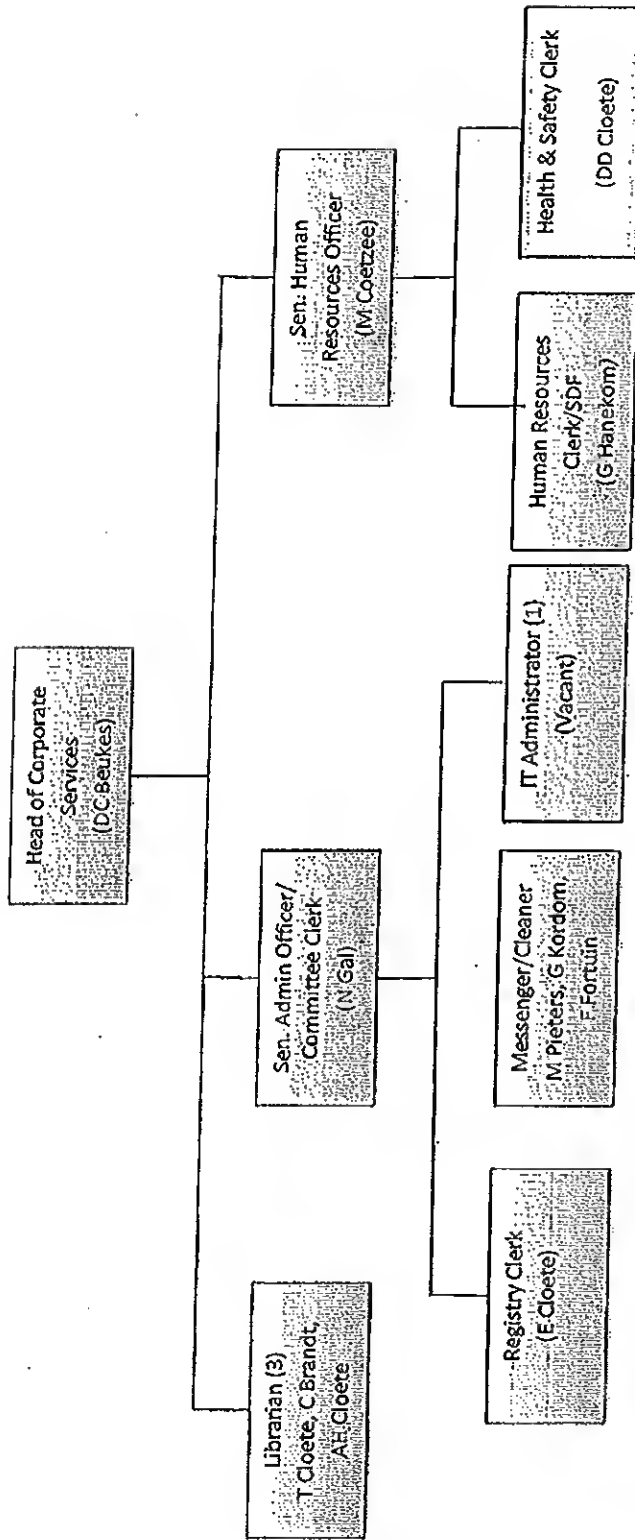

Initials: Mayor


FINANCE



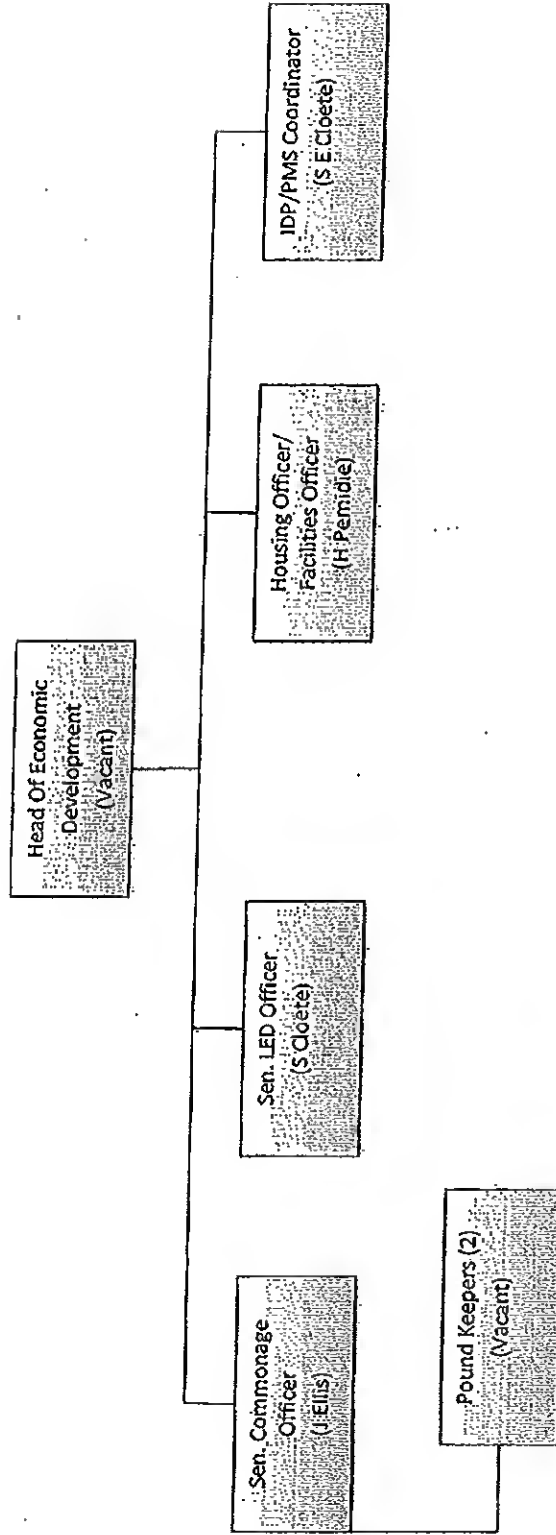
[Signature]
 Initials: Mayor

CORPORATE SERVICES



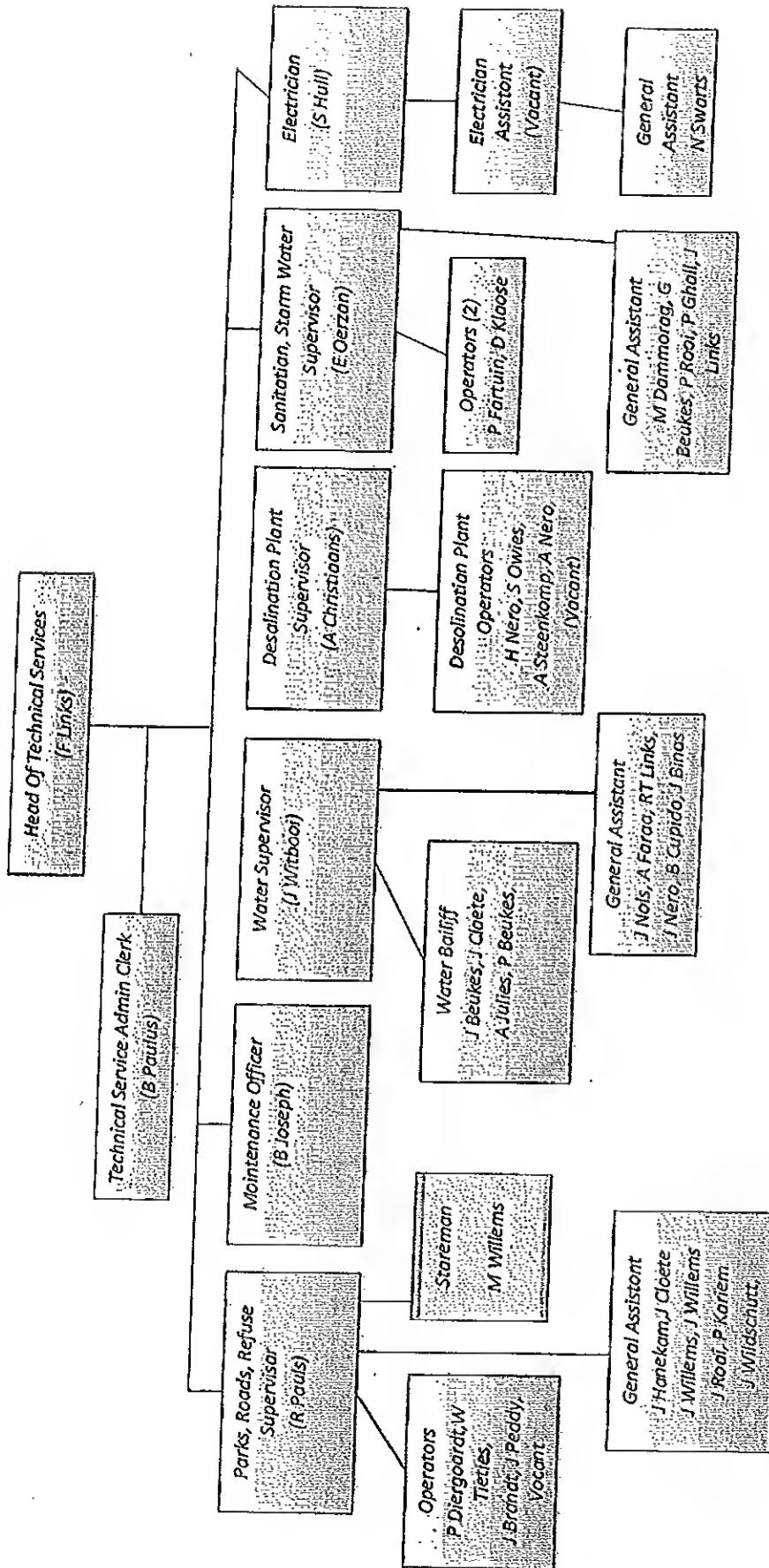

 Intitels: Mayor

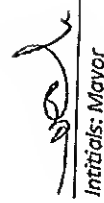
ECONOMIC DEVELOPMENT & PLANNING




Initials: Mayor

TECHNICAL SERVICES




 Initials: Mayor

APPENDIX D – FUNCTIONS OF MUNICIPALITY

MUNICIPAL FUNCTIONS	Function Applicable to Municipality(Yes/No)	Function Applicable to Entity (Yes/No)
Constitution Schedule 4 ,Part B Functions		
Air Population	No	
Building Regulations	Yes	
Child care facilities	No	
Electricity and gas reticulation	Yes	
Fire fighting service	Yes	
Local Tourism	Yes	
Municipal Airports	No	
Municipal Planning	Yes	
Municipal Health service	No	
Municipal Public Transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	No	

Pontoons ,ferries ,jetties ,piers and harbours, excluding the regulation of the internal and shipping and matters related thereto	No	
Storm water management systems in built-up areas	No	
Trading regulations	No	
Water and sanitation services limited to portable water supply system and domestic waste –water and sewerage disposal systems	Yes	
Beaches and amusement facilities	Yes	
Billboards and the display of advertisements in public places	No	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	Yes	
Facilities for the accommodation ,care and burial of animals	Yes/No	
Fencing and fences	Yes	
Licensing of dogs	No	

Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	No	
Local sport facilities	Yes	
Markets	No	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal Roads	Yes	
Noise population	Yes	
Pounds	Yes	
Public Places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street Lightning	Yes	
Traffic and parking	Yes	
*If municipality :indicate (yes or no);*If entity :Provide name of entity		

APPENDIX E – WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number Monthly Committee meetings held during the year	Number of monthly reports submitte d to speakers Office on time	Number Quarterly public ward meetings held during the year
Ward 1	Elsabe Stevens (Councillor)				
Soebatsfontein	Suleika Monagee	Yes	-		
	Piet Claassen				
Spoegrivier	Jacobus Lewis	Yes	-		
	Elizabeth Owies				
	Paul Klaase				
Hondeklipbaai	Rosina Klaase	Yes	-		
	Revick Dunster				
	Magrieta Kordom				
Klipfontein	Hans Boois	Yes	-		
	Sanna Cloete				
Ward 2	Councillor Pedro Willems				
Garies	Sabina Cloete	Yes	-		
	Patricia Petersen				
	Ursula Conradie				
	Lily van der Heever				
Kheis	Lena Lewis	Yes	-		
	Lizette Sias				
	Jan AP Cloete				

Lepelfontein	Abraham Jass	Yes	-		
	Johannes Cloete				
	Rachel Cloete				
Ward 3	Councilor Hilgardt Links				
Kamieskroon	Liesel Magerman	Yes	-		
	Ann Oerson				
	Piet Smith				
Kharkams	Katrina Witbooi	Yes			
	Yolanda Gall				
	John Lukas				
	Johanna Stewe				
Tweerivier	Cornelius Kriel	Yes	-		
	Anneline Cloete				
	Christine Kleyn				
Ward 4	Councilor Mervin Cloete (Mayor)				
Paulshoek	Katrina Kok	Yes	-		
	Elizabeth Claassen				
	Katrina Kok				
Lellefontein	Sidney Colin Cloete	Yes	-		
	Anna Wildschutt				
Nourivier	Harold Nel	Yes	-		
	Mary Joseph				
Rooifontein	Nicolaas Cloete	Yes	-		
	Simon Beukes				
Kamasies	Susan Bezuidenhoudt	Yes	-		
	Gert Beukes				

VOLUME II

APPENDIX F – WARD INFORMATION

Ward Name	Project Number	Project Name	Start Date	End Date	Total value of Project	Progress
Ward 4	Ref 1244 IDP 65	Upgrading of Paulshoek Bulk Water Supply network	November 2013	2015/16	R11618 381.54	Under retention
Ward 4	Ref 1243 IDP 68	Roofontein Groundwater Desalination, bulk water supply network (Phase 2)	August 2013	2015/16	R12 412 465.69	Complete
Ward 2	Ref 738	Upgrading of Garies Desalination plant and Water Bulk water Supply Network	September 2013	2015/16	R10 836 612.00	On tender
Ward 1	Ref 107 IDP 69	Kamieskroon Groundwater Desalination, bulkwater, borehole development and reservoir	August 2013	2015/16	R9815 074.99	Complete

APPENDIX J – DISCLOSURE OF FINANCIAL INTEREST

Financial Disclosure of Senior Managers and Section 56 Officials

Municipal Manager

JG Cloete

Head of Corporate Services

DC Beukes

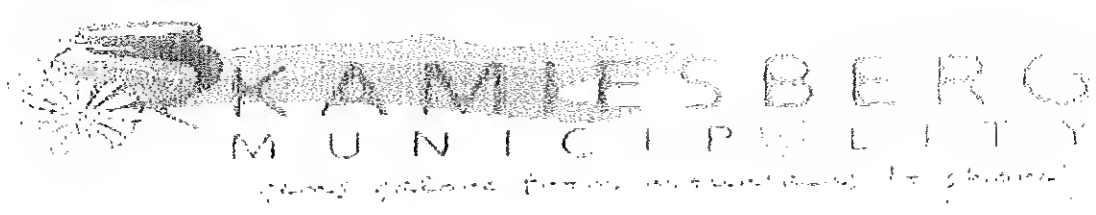
Head of Technical and Infrastructure

FA Links

Chief Financial Officer

RC Beukes

DRAFT



Financial Disclosure Form

I, the undersigned (surname and initials) J. G. CLOETE

(Postal address) P.O. BOX 156
PORT NOLLOTH 8280

(Residential address) DOOPSTR 50
GARIES 8220

(Position held) MUNICIPAL MANAGER

(Name of Department) _____

Tel 027 652 8011 Fax 027 652 8001

Hereby certify that the following information is complete and correct to the best of my knowledge:

1. Shares and other financial interests

Number of shares/extent of financial interests	Nature	Nominal Value	Name of Company/Entity
	N/A		

2. Directorship and Partnership

Name of corporate entity or partnership	Type of Business	Amount of Remuneration
<i>RICHTERSVELD CAMP FOR SUSTAINABLE DEV</i>	<i>ART 21</i>	<i>Not applicable</i>
<i>(See attached list of all companies - de-registered)</i>		

3. Remuneration work outside the public service

Must be sanctioned by your Executive Authority.

Name of Employer	Type of work	Amount of Remuneration
<i>INDEPENDANT ELECTORAL COMMISSION</i>	<i>MUNICIPAL ELECTORAL OFFICER</i>	<i>R1 000,00</i>

Name of Executive Authority: _____ Portfolio: _____

Signature of Executive Authority: _____ Date: _____

4. Consultancies and retainer ships

Name of Client	Nature	Type of business activity	Value of any benefits received
	N/A		

5. Sponsorships

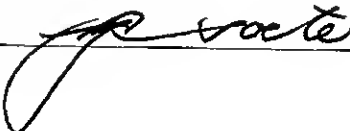
Source of assistance/sponsorship	Description of assistance/sponsorship	Value of assistance/sponsorship
	N/A	

6. Gifts and Hospitality from a source other than a family member

Description	Value	Source

7. Land and property

Description	Extent	Area	Value
3638	1040 m ²	MAIN ROAD PORT NOLLOTH	R 850 000

Signature of Designated Employee: 

Date: 26 JUNE 2014

Place: GARIES

reg date	reg number	name	type	entity status	J G CLOETE	appointment date	director status	resignation date
20/08/99	1999/048521/23	port bumbusa	CC	de-registered	member	20/08/99	active	
19/02/01	2001/009788/23	treasure hunt diamonds richtersveld company for	CC	de-registered	member	19/02/01	active	
17/06/03	2003/013611/08	susatainable development	Art 21	in business	director	17/06/03	active	
19/02/04	2004/004199/07	little swift investments 77	Priv Co	de-registered	director	19/02/04	resigned	19/02/04
04/06/04	2004/015133/07	dusty moon investments 44	Priv Co	de-registered	director	04/06/04	resigned	04/06/04
04/06/04	2004/015194/07	eternal flame investments 82	Priv Co	de-registered	director	04/06/04	active	
29/06/04	2004/018043/07	clifton dune investments 114	Priv Co	de-registered	director	29/06/04	resigned	29/06/04
01/07/04	2004/018404/07	coral lagoon investments 57	Priv Co	de-registered	director	01/07/04	active	
06/07/04	2004/018919/07	eagle creek investments 194	Priv Co	de-registered	director	06/07/04	active	
08/07/04	2004/019091/07	eagle creek investments 215	Priv Co	de-registered	director	08/07/04	active	
13/07/04	2004/019445/07	eagle creek investments 250	Priv Co	de-registered	director	13/07/04	resigned	13/07/04
14/07/04	2004/019663/07	chesnut hill investments 195	Priv Co	de-registered	director	14/07/04	resigned	14/07/04
15/07/04	2004/019824/07	chesnut hill investments 167	Priv Co	de-registered	director	15/07/04	resigned	15/07/04
15/07/04	2004/019910/07	chesnut hill investments 192	Priv Co	de-registered	director	15/07/04	resigned	15/07/04
20/07/04	2004/020069/07	chesnut hill investments 178	Priv Co	de-registered	director	20/07/04	active	
22/07/04	2004/020357/07	midnight masquerade properties 110	Priv Co	de-registered	director	22/07/04	active	
22/07/04	2004/020350/07	midnight masquerade properties 114	Priv Co	de-registered	director	22/07/04	active	
06/08/04	2004/022192/07	desert wind properties 147	Priv Co	de-registered	director	06/08/04	active	

reg date	reg number	name	type	entity status	J G CLOETE	appointment date	director status	resignation date
13/08/04	2004/022218/07	four arrows investments 148	Priv Co	de-registered	director	13/08/04	resigned	13/08/04
16/08/04	2004/022183/07	quick leap investments 155	Priv Co	de-registered	director	16/08/04	resigned	16/08/04
17/08/04	2004/023185/07	quick leap investments 170	Priv Co	de-registered	director	17/08/04	active	
17/08/04	2004/023169/07	quick leap investments 186	Priv Co	de-registered	director	17/08/04	active	
17/08/04	2004/023118407	quick leap investments 191	Priv Co	de-registered	director	17/08/12	active	
18/08/04	2004/023190/07	quick leap investments 167	Priv Co	de-registered	director	18/08/04	active	
18/08/04	2004/023198/07	west dunes properties 193 midnight masquerade properties 189	Priv Co	de-registered	director	18/08/04	active	
20/08/04	2004/023613/07		Priv Co	de-registered	director	20/08/04	active	
24/08/04	2004/023680/07	west dunes properties 193	Priv Co	de-registered	director	14/08/04	active	
30/08/04	2004/024503/07	autumn storm investments 103	Priv Co	de-registered	director	30/08/04	active	

Oath/Affirmation

I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

(i) Do you know and understand the content of the declaration?

Answer Yes

(ii) Do you have any objection to taking the prescribed oath or affirmation?

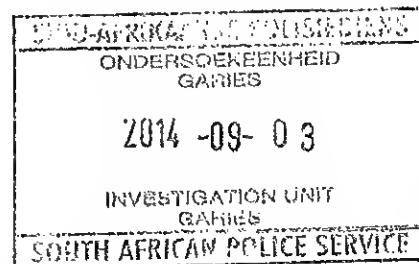
Answer No

(iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer Yes

I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the content of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true." The signature/mark of the deponent is affixed to the declaration in my presence.

[Signature]
 Commissioner of Oath/Justice of the Peace



Details of Commissioner of Oath/Justice of the Peace

Complete the following in Block Letters

Full first names and surname:

Designation (rank) _____ Ex Officio Republic of South
Africa

Street address of institution

Date _____

Place _____

Contents Noted: Executive Authority

Date: _____



Financial Disclosure Form

I, the undersigned (surname and initials) BEUKES, DC
(Postal address) P.O. Box 119
GARIES 8220
(Residential address) ERF 358
KHARKAMS 8223
(Position held) HEAD OF CORPORATE SERVICES
(Name of Department) CORPORATE SERVICES
Tel 027 652 8000 Fax 027 652 8001

Hereby certify that the following information is complete and correct to the best of my knowledge;

1. Shares and other financial interests

Number of shares/extent of financial interests	Nature	Nominal Value	Name of Company/Entity
NONE			

B

2. Directorship and Partnership

Name of corporate entity or partnership	Type of Business	Amount of Remuneration
NONE		

3. Remuneration work outside the public service

Must be sanctioned by your Executive Authority.

Name of Employer	Type of work	Amount of Remuneration
NONE		

Name of Executive Authority: _____ Portfolio: _____

Signature of Executive Authority: _____ Date: _____

4. Consultancies and retainer ships

Name of Client	Nature	Type of business activity	Value of any befits received
NONE			

5. Sponsorships


Source of assistance/sponsorship	Description of assistance/sponsorship	Value of assistance/sponsorship
NONE		

6. Gifts and hospitality from a source other than a family member

Description	Value	Source
NONE		

7. Land and property

Description	Extent	Area	Value
NONE			

Signature of Designated Employee: 

Date: 01 JULY 2014

Place: CARIES

Oath/Affirmation

I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

(i) Do you know and understand the content of the declaration?

Answer Yes

(ii) Do you have any objection to taking the prescribed oath or affirmation?

Answer NO

(iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer Yes

I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the content of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true." The signature/mark of the deponent is affixed to the declaration in my presence.



Michelle Julene Schwartz
Ex officio Klerk van die hof
Hoofstraat 20
Garies
8220

Commissioner of Oath/Justice of the Peace

Details of Commissioner of Oath/Justice of the Peace

Complete the following in **Block Letters**

Full first names and surname:

Michelle Schwartz

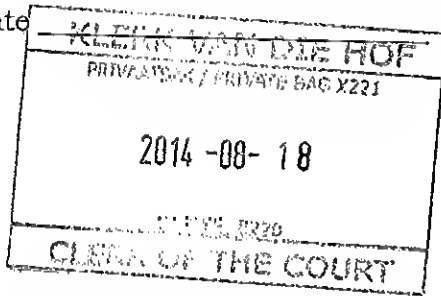
Designation (rank) SAE Ex Officio Republic of South Africa

Street address of institution

36 Main rd

Clanies

Date

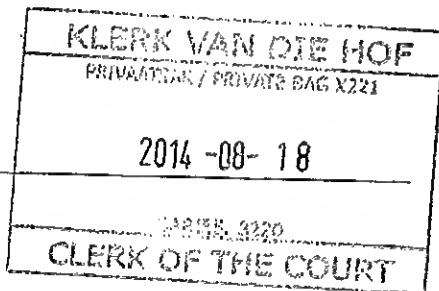


Place

Clanies

Contents Noted: Executive Authority

Date:



Note:

Remember that a copy of the completed form must be submitted by the EA to the Commission for purpose of recording it in the Register of Designated Employee's Interests.



Financial Disclosure Form

I, the undersigned (surname and initials) BEYKES R.C.

(Postal address) P.O. Box 260
GARIES 8220

(Residential address) PLOT 116
ROOIFONTEIN 8253

(Position held) CHIEF FINANCIAL OFFICER

(Name of Department) FINANCE

Tel 078 1984237 Fax _____

Hereby certify that the following information is complete and correct to the best of my knowledge:

1. Shares and other financial interests

Number of shares/extent of financial interests	Nature	Nominal Value	Name of Company/Entity
	N/A	A	

2. Directorship and Partnership

Name of corporate entity or partnership	Type of Business	Amount of Remuneration
N/A		

3. Remuneration work outside the public service

Must be sanctioned by your Executive Authority.

Name of Employer	Type of work	Amount of Remuneration
N/A		

Name of Executive Authority: _____ Portfolio: _____

Signature of Executive Authority: _____ Date: _____

4. Consultancies and retainer ships

Name of Client	Nature	Type of business activity	Value of any befits received

5. Sponsorships

Source of assistance/sponsorship	Description of assistance/sponsorship	Value of assistance/sponsorship

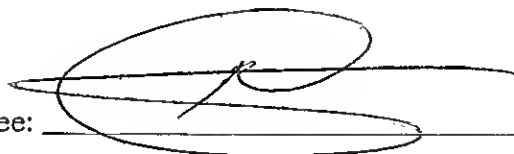
6. Gifts and hospitality from a source other than a family member

Description	Value	Source
N/A		

7. Land and property

Description	Extent	Area	Value
N/A			

Signature of Designated Employee: _____



Date: _____

GARCIA

Place: _____

2/7/14



KAMIESBERG MUNICIPALITY

"geng sabara from mountains to shore"

Financial Disclosure Form

I, the undersigned (surname and initials) LINKS FA

(Postal address) P.O. BOX 65

GAMES 8220

(Residential address) 8 FryLINK STREET

GAMES 8220

(Position held) TECHNICAL HEAD

(Name of Department) TECHNICAL DEPARTMENT

Tel 027 652 8000 Fax 027 652 13073

Hereby certify that the following information is complete and correct to the best of my knowledge:

1. Shares and other financial interests

Number of shares/extent of financial interests	Nature	Nominal Value	Name of Company/Entity

2. Directorship and Partnership

Name of corporate entity or partnership	Type of Business	Amount of Remuneration
NA		

3. Remuneration work outside the public service

Must be sanctioned by your Executive Authority.

Name of Employer	Type of work	Amount of Remuneration
NA		

Name of Executive Authority: _____ Portfolio: _____

Signature of Executive Authority: _____ Date: _____

4. Consultancies and retainer ships

Name of Client	Nature	Type of business activity	Value of any befits received

5. Sponsorships

Source of assistance/sponsorship	Description of assistance/sponsorship	Value of assistance/sponsorship

6. Gifts and hospitality from a source other than a family member

Description	Value	Source

7. Land and property

Description	Extent	Area	Value
House			42.000

Signature of Designated Employee: Date: 02-07-2014Place: GABIGI

Oath/Affirmation

I certify that before administering the oath/affirmation I asked the deponent the following questions and wrote down her/his answers in his/her presence:

- (i) Do you know and understand the content of the declaration?

Answer Y

- (ii) Do you have any objection to taking the prescribed oath or affirmation?

Answer _____

- (iii) Do you consider the prescribed oath or affirmation to be binding on your conscience?

Answer _____

I certify that the deponent has acknowledged that she/he knows and understands the contents of this declaration. The deponent utters the following words: "I swear that the content of this declaration are true, so help me God." / "I truly affirm that the contents of the declaration are true." The signature/mark of the deponent is affixed to the declaration in my presence.

Commissioner of Oath/Justice of the Peace

Details of Commissioner of Oath/Justice of the Peace

Complete the following in Block Letters

Full first names and surname:

Designation (rank) _____ Ex Officio Republic of South
Africa

Street address of institution

Date _____

Place _____

Contents Noted: Executive Authority

Date: _____

Note:

Remember that a copy of the completed form must be submitted by the EA to the Commission for purpose of recording it in the Register of Designated Employee's Interests.

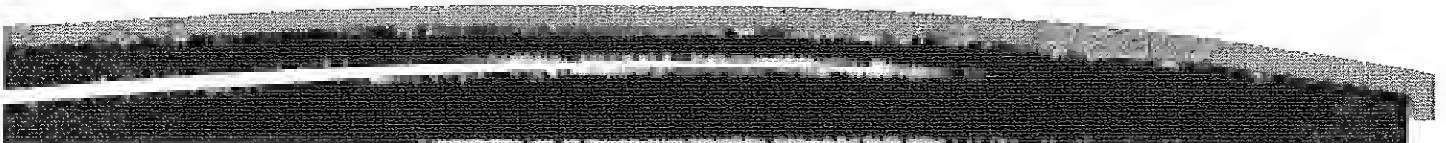
APPENDIX K – (I) REVENUE COLLECTION PERFORMANCE BY VOTE

KAMIESBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30
JUNE 2015
MUNICIPAL VOTES CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
(1 821 260)	(804 302)	(2 625 562)	EXECUTIVE & COUNCIL	(1 896 112)	(894 326)	(2 790 438)
-	(2 269 385)	(2 269 385)	Municipal Manager	-	(2 691 141)	(2 691 141)
			Councillors			
			FINANCE & ADMINISTRATION			
21 043 494	(12 547 488)	8 496 006	Finance	32 320 166	(9 826 411)	22 493 755
856 664	(8 437 514)	(7 580 850)	Administration	1 011 826	(14 228 563)	(13 216 736)
584 760	-	584 760	Commonage	542 755	(186 241)	356 514
			COMMUNITY & SOCIAL SERVICES			
5 311 934	-	5 311 934	Cemeteries	10 259 754	-	10 259 754
			Libraries			
			SPORT AND RECREATION			
596 169	(88 964)	507 205	Sportgrounds and Community Facilities	-	(79 520)	(79 520)
14 263	-	14 263	Caravan Park	13 203	-	13 203
			WASTE MANAGEMENT			
1 776 635	(4 275 946)	(2 499 311)	Refuse and Sanitation	1 943 204	(4 909 082)	(2 965 877)
			WATER			
3 698 714	(7 931 621)	(4 232 907)	Water	4 342 613	(3 069 344)	1 273 269
			ELECTRICITY			
4 658 741	(11 819 014)	(7 160 274)	Electricity	5 204 607	(12 201 975)	(6 997 368)
-	-	-				
			ECONOMIC AND SOCIAL DEVELOPMENT			
121 136	(846)	(725)	Local Economic Development	54 915	(896)	(841)

	843)	707)			878)	963)
768 206	(4 627 521)	(3 859 316)	TECHNICAL AND ROADS		884 210	(1 649 307)
			Streets			
			WASTE WATER MANAGEMENT			
1 326 977	-	1 326 977	Sewerage		1 407 576	1 407 576
33 630 742	(53 648 599)	(20 017 857)	Sub Total		45 839 977	(51 516 997)
-	-	-	Less Inter-Departmental Charges		-	-
33 630 742	(53 648 599)	(20 017 857)	Total		45 839 977	(51 516 997)

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APPENDIX L – CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

KAMIESBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA,
56 OF 2003

Grant Description	Balance 30 June 2014	Correc- tion of Error	Restated Balance 30 June 2014	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2015
<u>National Government Grants</u>									
Equitable Share	-	-	-	13 411 000	-	-	(13 411 000)	-	-
Finance	-	-	-	1 800 000	-	-	(1 832 967)	-	(32 967)
Municipal System Improvement Grant	476 027	-	476 027	934 000	-	-	(867 471)	-	542 555
Municipal Infrastructure Grant	4 998 120	-	4 998 120	9 129 000	-	-	-	(7 903 737)	6 223 384
Integrated National Electrification Grant	164 805	-	164 805	-	-	-	-	-	164 805
Total National Government Grants	5 638 952	-	5 638 952	25 274 000	-	-	(16 111 438)	(7 903 737)	6 897 777
<u>Provincial Government Grants</u>									
Expanded Public Works Programme	928 620	-	928 620	1 000 000	-	-	(144 855)	(731 244)	1 052 520
Department Water Affairs and Environment	141 362	-	141 362	-	-	-	-	-	141 362

Housing	-	-	-	-	-	-	-	-	-
Library	218	-	218	653	-	-	(248	-	622
	219	-	219	000	-	-	412)	-	808
Project Nala	620	-	620	-	-	-	-	-	620
	180	-	180	-	-	-	-	-	180
Department	50	-	50	150	-	-	-	-	200
Finance, Economic	000	-	000	000	-	-	-	-	000
Development & Tourism									
Tourism	78	-	78	15 865	-	-	(47	-	47
	451	-	451	-	-	-	176)	-	140
Department Social	482	-	482	-	-	-	-	-	482
Services									
Department Sport, Arts and Culture	6 262	-	6 262	-	-	-	-	-	6 262
Drought Relief	24	-	24	-	-	-	-	-	24
	409	-	409	-	-	-	-	-	409
Total Provincial Government Grants	2 067 985	-	2 067 985	1 818 865	-	-	(440 443)	(731 244)	2 715 163
<u>District Municipality</u>									
Namakwa DM	435	-	435	115	-	-	(226	-	324
	138	-	138	386	-	-	399)	-	125
<i>list</i>	-	-	-	-	-	-	-	-	-
Total District Municipality Grants	435 138	-	435 138	115 386	-	-	(226 399)	-	324 125
Total Grants	8 142 075	-	8 142 075	27 208 251)	-	-	(16 778 280)	(8 634 981)	9 937 065

APPENDIX O: CAPITAL PROGRAMME BY PROJECT BY WARD CURRENT YEAR

Ward Name	Project Number	Project Name	Status
Ward 4	Ref 1244 IDP 65	Upgrading of Paulshoek Bulk Water Supply network	Project is under retention
Ward 4	Ref 1243 IDP 68	Rooifontein Groundwater Desalination, bulk water supply network (Phase 2)	Complete.(Completion certificate outstanding)
Ward 2	Ref 738	Upgrading of Garles Desalination plant and Water Bulk water Supply Network	Project is out on tender(Closing date (14August 2015)
Ward 1	Ref 107 IDP 69	Kamieskroon Groundwater Desalination ,bulkwater ,borehole development and reservoir	Complete.(Completion certificate will be issued-still outstanding))

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VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

DRAFT

KAMIESBERG

MUNICIPALITY



FINANCIAL STATEMENTS

30 JUNE 2015

KAMIESBERG MUNICIPALITY

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Statement of Financial Performance	5
Statement of Changes In Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts - Statement of Financial Position	8
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KAMIESBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Kamiesberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) Grade 2 as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Kamiesberg Municipality includes the following areas of Garies, Hondeklipbaai, Kamassies, Khels, Kharkams, Kamieskroon, Klipfontein, Leliefontein, Lepelsfontein, Nourivier, Paulshoek, Rooifontein, Soebatsfontein, Spoegrivier and Tweerivier.

MUNICIPAL MANAGER

JG Cloete

CHIEF FINANCIAL OFFICER

R Beukes

REGISTERED OFFICE

Private Bag X200
Garies
8220

AUDITORS

Auditor-General
Private Bag X5013
KIMBERLEY
8300

PRINCIPLE BANKERS

First National Bank

ATTORNEYS

Schreuders

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1996)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Municipal Budget and Reporting Regulations

KAMIESBERG MUNICIPALITY

MEMBERS OF THE KAMIESBERG MUNICIPALITY

WARD

1
2
3
4
Proportional
Proportional
Proportional

COUNCILLOR

EA Stewens
PJ Willems
HG Links
MJ Cloete
SC Nero
MR Klaase
MS Cardinal

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 90 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.


JG Cloete
Municipal Manager

31/8/2015
Date

KAMIESBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R	2014 R
NET ASSETS AND LIABILITIES			
Net Assets		56 148 027	61 825 047
Accumulated Surplus/(Deficit)		56 148 027	61 825 047
Non-Current Liabilities		18 312 661	10 684 419
Long-term Liabilities	2	344 236	290 285
Non-current Provisions	3	15 328 150	8 056 816
Non-current Employee Benefits	4	2 640 275	2 337 318
Current Liabilities		46 541 070	40 523 708
Consumer Deposits	5	1 369 119	29 774
Current Employee Benefits	6	1 794 542	1 538 173
Payables from exchange transactions	7	33 188 889	29 378 155
Unspent Conditional Government Grants and Receipts	8	9 970 032	8 142 075
Taxes	9.1	75 747	1 272 134
Current Portion of Long-term Liabilities	2	142 742	163 397
Total Net Assets and Liabilities		121 001 758	113 033 174
ASSETS			
Non-Current Assets		112 068 460	106 237 309
Property, Plant and Equipment	11	111 472 494	105 591 507
Investment Property	12	488 159	502 059
Intangible Assets	13	107 807	143 743
Current Assets		8 933 298	6 795 865
Inventory	14	81 995	53 638
Receivables from exchange transactions	15	4 875 760	798 203
Receivables from non-exchange transactions	16	2 396 077	5 181 017
Unpaid Conditional Government Grants and Receipts	8	32 967	-
Operating Lease Asset	17	6	1 471
Cash and Cash Equivalents	18.1	1 546 493	761 536
Total Assets		121 001 758	113 033 174

KAMIESBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R
REVENUE			
Revenue from Non-exchange Transactions		31 743 987	21 553 149
Taxation Revenue		6 293 261	3 164 373
Property Rates	19	6 293 251	3 164 373
Transfer Revenue		25 413 261	18 376 374
Government Grants and Subsidies	20	25 413 261	17 780 206
Public Contributions and Donations	21	-	596 169
Other Revenue		37 475	12 402
Fines		3 498	934
Actuarial Gains	4	33 977	11 468
Revenue from Exchange Transactions		14 130 649	12 107 016
Service Charges	22	9 840 000	7 969 102
Rental of Facilities and Equipment	23	280 624	213 720
Interest Earned - external investments	24	140 637	73 864
Interest Earned - outstanding receivables	25	2 545 667	2 444 735
Licences and Permits		122 434	342 124
Income for Agency Services		392 899	399 806
Other Income	28	808 289	663 665
Total Revenue		45 874 536	33 660 165
EXPENDITURE			
Employee related costs	27	(15 939 592)	(14 794 838)
Remuneration of Councillors	28	(2 292 447)	(1 809 258)
Debt Impairment	29	(8 784 375)	(2 847 077)
Depreciation and Amortisation	30	(9 647 947)	(9 012 615)
Repairs and Maintenance		(588 860)	(935 797)
Actuarial Losses	4	(13 538)	(316 030)
Finance Costs	31	(1 752 919)	(700 289)
Bulk Purchases	32	(5 088 521)	(9 860 681)
Contracted Services		(647 127)	(577 842)
Other Operating Grant Expenditure	33	(1 623 400)	(7 609 310)
General Expenses	34	(5 158 349)	(5 109 606)
Total Expenditure		(51 537 074)	(53 573 339)
Operating Surplus for the Year		(5 662 638)	(19 913 174)
Gains/(Loss) on Sale of Assets	35	(14 482)	(16 180)
(Impairment loss)/Reversal of impairment loss	36	-	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		(5 677 020)	(19 929 353)

KAMIESBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Accumulated Surplus/ (Deficit) R	Total R
Balance at 1 July 2013	83 667 952	83 667 952
Correction of Error - note 37.6	(1 913 552)	(1 913 552)
Restated balance	81 754 400	81 754 400
Net Surplus/(Deficit) for the year	(19 929 353)	(19 929 353)
Net Surplus/(Deficit) previously reported	(20 017 857)	(20 017 857)
Effects of Correction of Errors - note 37.7	88 503	88 503
Restated balance at 30 June 2014	61 825 047	61 825 047
Net Surplus/(Deficit) for the year	(5 677 020)	(5 677 020)
Balance at 30 June 2015	56 148 027	56 148 027

KAMIESBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R	2014 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts			
Taxation		(4 308 192)	1 910 187
Sale of goods and services		14 338 699	6 276 377
Grants		27 208 251	20 704 363
Investment Income		140 637	73 864
Other receipts		1 519 971	2 217 581
Cash payments			
Employee costs		(17 858 557)	(16 168 991)
Suppliers		(10 534 749)	(9 556 519)
Finance costs		(679 005)	(90 527)
Net Cash from Operating Activities	38	9 827 057	5 366 335
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(9 092 246)	(1 100 744)
Proceeds on Disposal of Assets		16 851	17 955
Net Cash from Investing Activities		(9 075 395)	(1 082 789)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised		273 960	-
Loans repaid		(240 664)	(161 347)
Net Cash from Financing Activities		33 296	(161 347)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		784 957	4 122 199
Cash and Cash Equivalents at the beginning of the year		761 536	(3 360 663)
Cash and Cash Equivalents at the end of the year	39	1 546 493	761 536
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		784 957	4 122 200

KAMIESBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved by-law)	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	2015 R	%
ASSETS								
Current Assets								
Cash	641 690 250	-	641 690 250	-	-	641 690 250	817 920	-99.87%
Call Investment Deposits	-	-	-	-	-	-	728 573	100.00%
Consumer Debtors	-	-	-	-	-	-	7 150 700	100.00%
Other Debtors	4 278 000	-	4 278 000	-	-	4 278 000	121 143	-97.17%
Current Portion of long-term receivables	-	-	-	-	-	-	-	-
Inventory	52 250	-	52 250	-	-	52 250	81 995	56.93%
Total Current Assets	646 020 500	-	646 020 500	-	-	646 020 500	8 900 331	-98.62%
Non-Current Assets								
Long-term receivables	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	488 159	100.00%
Investment in Associates	-	-	-	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-	-	-	-
Agricultural Assets	104 088 000	-	104 088 000	-	-	104 088 000	111 472 494	7.09%
Biological Assets	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
Other Non-Current Assets	118 250	-	118 250	-	-	116 250	107 807	-7.26%
Total Non-Current Assets	104 204 250	-	104 204 250	-	-	104 204 250	112 068 460	7.55%
TOTAL ASSETS	750 224 750	-	750 224 750	-	-	750 224 750	120 968 791	-83.88%
LIABILITIES								
Current Liabilities								
Bank Overdraft	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	142 742	100.00%
Consumer Deposits	30 000	-	30 000	-	-	30 000	1 389 119	4463.73%
Trade and Other Payables	25 852 000	-	25 852 000	-	-	25 852 000	43 201 701	67.11%
Provisions	-	-	-	-	-	-	1 794 542	100.00%
Total Current Liabilities	25 882 000	-	25 882 000	-	-	25 882 000	46 508 103	79.69%
Non-Current Liabilities								
Borrowing	-	-	-	-	-	-	344 236	100.00%
Provisions	9 340 000	-	9 340 000	-	-	9 340 000	17 968 425	92.38%
Total Non-Current Liabilities	9 340 000	-	9 340 000	-	-	9 340 000	18 312 661	96.07%
TOTAL LIABILITIES	35 222 000	-	35 222 000	-	-	35 222 000	64 820 764	84.03%
NET ASSETS								
Accumulated Surplus/(Deficit)	715 002 750	-	715 002 750	-	-	715 002 750	56 148 027	-92.15%
Reserves	-	-	-	-	-	-	-	-
Minorities' Interests	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	715 002 750	-	715 002 750	-	-	715 002 750	56 148 027	-92.15%

KAMIESBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

Notes	Original Budget	Budget Adjustments (i.e. s23 and s31 of the MFMA)	Final Adjustment Budget	Shifting of Funds (i.e. s31 of the MFMA)	Virement (i.e. Council approved by-law)	Final Budget	Actual Outcome 2015	Actual Outcome as % of Final Budget
	R	R	R	R	R	R	R	%
REVENUE								
Property Rates	4 256 507	1 409 505	5 666 012	-	-	5 666 012	6 239 251	11,07%
Service Charges - Penalties & Collection Charges	-	-	-	-	-	-	-	-
Service Charges - Electricity Revenue	4 888 812	319 223	5 208 035	-	-	5 208 035	4 186 966	-19,61%
Service Charges - Water Revenue	3 487 100	18 013	3 505 113	-	-	3 505 113	3 179 638	-9,29%
Service Charges - Sanitation Revenue	1 404 553	4 033	1 408 586	-	-	1 408 586	1 391 621	-1,20%
Service Charges - Refuse Revenue	1 877 106	70 309	1 947 415	-	-	1 947 415	1 081 774	-44,45%
Service Charges - Other Revenue	-	-	-	-	-	-	-	-
Rental of Facilities and Equipment	-	-	-	-	-	-	280 624	100,00%
Interest Earned - External Investments	-	-	-	-	-	-	140 637	100,00%
Interest Earned - Outstanding Debtors	1 181 500	(190 777)	990 723	-	-	990 723	2 545 667	156,95%
Dividends Received	-	-	-	-	-	-	-	-
Fines	-	-	-	-	-	-	-	-
Licences and Permits	-	-	-	-	-	-	3 498	100,00%
Agency Services	-	-	-	-	-	-	122 434	100,00%
Transfers Recognised - Operational	18 887 500	-	18 887 500	-	-	18 887 500	392 899	100,00%
Other Revenue	371 000	101 136	472 136	-	-	472 136	16 778 280	-11,17%
Gains on Disposal of PPE	-	-	-	-	-	-	842 266	78,39%
Total Revenue (excluding capital transfers and contributions)	43.2.6	36 354 078	1 731 442	38 085 520	-	38 085 520	37 239 555	-2,22%
EXPENDITURE								
Employee Related Costs	15 036 000	(951 279)	14 084 721	-	-	14 084 721	15 953 130	13,27%
Remuneration of Councillors	2 532 000	-	2 532 000	-	-	2 532 000	2 292 447	-9,46%
Debt Impairment	-	-	-	-	-	-	8 784 375	100,00%
Depreciation and Asset Impairment	2 872 000	-	2 872 000	-	-	2 872 000	9 647 947	235,93%
Finance Charges	9 186 047	(1 382 691)	7 803 356	-	-	7 803 356	1 752 919	100,00%
Bulk Purchases	-	-	-	-	-	-	5 086 521	-34,79%
Other Materials	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	647 127	100,00%
Transfers and Grants	-	-	-	-	-	-	-	-
Other Expenditure	7 618 000	2 272 222	9 890 222	-	-	9 890 222	7 370 609	-25,48%
Loss on Disposal of PPE	-	-	-	-	-	-	14 482	100,00%
Total Expenditure	43.2.7	37 244 047	(61 748)	37 182 299	-	37 182 299	51 551 556	38,65%
Surplus/(Deficit)		(889 969)	1 793 190	903 221	-	903 221	(14 312 001)	-1684,55%
Transfers Recognised - Capital	9 129 000	-	9 129 000	-	-	9 129 000	8 634 981	-5,41%
Contributions Recognised - Capital	-	-	-	-	-	-	-	-
Contributed Assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Capital Transfers & Contributions	8 239 031	1 793 190	10 032 221	-	-	10 032 221	(5 677 020)	-156,59%
Taxation	-	-	-	-	-	-	-	-
Surplus/(Deficit) after Taxation	8 239 031	1 793 190	10 032 221	-	-	10 032 221	(5 677 020)	-156,59%
Attributable to Minorities	-	-	-	-	-	-	-	-
Surplus/(Deficit) Attributable to Municipality Share of Surplus/(Deficit) of Associate	8 239 031	1 793 190	10 032 221	-	-	10 032 221	(5 677 020)	-156,59%
Surplus/(Deficit) for the year	8 239 031	1 793 190	10 032 221	-	-	10 032 221	(5 677 020)	-156,59%

KAMIESBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

Notes	Original Budget	Budget Adjustments	Final Adjustment Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Actual Outcome as % of Final Budget
	R	(i.t.o. s28 and s31 of the MFMA) R	R	(i.t.o. s31 of the MFMA) R	(i.t.o. Council approved by-law) R	R	2015 R	%
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	23 810 000	-	23 810 000			23 810 000	11 550 479	-51.49%
Government - Operating	16 540 000	-	16 540 000			16 540 000	27 208 251	64.50%
Government - Capital	11 685 000	-	11 685 000			11 685 000		-100.00%
Interest	88 000	-	88 000			88 000	140 637	59.81%
Dividends	-	-	-			-		
Payments								
Suppliers and Employees	(34 034 000)	-	(34 034 000)			(34 034 000)	(28 393 306)	-16.57%
Finance Charges	(130 000)	-	(130 000)			(130 000)	(679 005)	422.31%
Transfers and Grants	-	-	-			-		
Net Cash from/(used) Operating Activities	17 959 000	-	17 959 000	-	-	17 959 000	9 827 057	-45.28%
CASH FLOW FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	119 000	-	119 000			119 000	16 851	-85.84%
Decrease/(Increase) in Non-Current Debtors	-	-	-			-	-	
Decrease/(Increase) in Other Non-Current Receivables	-	-	-			-	-	
Decrease/(Increase) in Non-Current Investments	-	-	-			-	-	
Payments								
Capital Assets	(18 486 000)	-	(18 486 000)			(18 486 000)	(9 092 246)	-50.82%
Net Cash from/(used) Investing Activities	(18 367 000)	-	(18 367 000)	-	-	(18 367 000)	(9 075 395)	-50.59%
CASH FLOW FROM FINANCING ACTIVITIES								
Receipts								
Short Term Loans	-	-	-			-	-	
Borrowing long term/refinancing	-	-	-			-	-	
Increase/(Decrease) in Consumer Deposits	33 000	-	33 000			33 000	273 960	730.18%
Payments								
Repayment of Borrowing	-	-	-			-	(240 664)	100.00%
Net Cash from/(used) Financing Activities	33 000	-	33 000	-	-	33 000	33 296	0.90%
NET INCREASE/(DECREASE) IN CASH HELD	(375 000)	-	(375 000)	-	-	(375 000)	784 957	-309.32%
Cash and Cash Equivalents at the year begin:	2 951 000	-	2 951 000			2 951 000	761 536	-74.19%
Cash and Cash Equivalents at the year end:	2 576 000	-	2 576 000	-	-	2 576 000	1 546 493	-39.97%

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Finance Management Act (MFMA) and effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Property, Plant and Equipment, Investment Property and Intangible Assets where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as separate additional financial statements, namely Statements of comparison of budget and actual amounts.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2014 to 30 June 2015. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for material differences between the final budget amounts and actual amounts are included the Notes to the Financial Statements.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 18 (Original – Feb 2011)	<p><u>Segment Reporting</u></p> <p>The objective of this Standard is to establish principles for reporting financial information by segments.</p> <p>No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.</p>	1 April 2015
GRAP 20 (Original – Jun 2011)	<p><u>Related Party Disclosure</u></p> <p>The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.</p> <p>The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.</p>	Unknown
GRAP 32 (Original – Aug 2013)	<p><u>Service Concession Arrangements: Grantor</u></p> <p>The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity.</p> <p>No significant impact expected as any such transactions or events are expected in the foreseeable future.</p>	Unknown
GRAP 105 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 106 (Original – Nov 2010)	<p><u>Transfer of Functions Between Entities Not Under Common Control</u></p> <p>The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GRAP 107 (Original – Nov 2010)	<p><u>Mergers</u></p> <p>The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger.</p> <p>No significant impact expected as no such transactions or events are expected in the foreseeable future.</p>	1 April 2015
GRAP 108 (Original – Sept 2013)	<p><u>Statutory Receivables</u></p> <p>The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.</p> <p>The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.</p>	Unknown
GRAP 109	<p><u>Accounting by Principles and Agents</u></p> <p>The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.</p> <p>No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.</p>	Unknown
IGRAP 11	<p><u>Consolidation - Special Purpose Entities (SPE)</u></p> <p>The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE.</p> <p>No significant impact is expected as the Municipality does not have any SPE's at this stage.</p>	1 April 2015
IGRAP 12	<p><u>Jointly Controlled Entities non-monetary contributions</u></p> <p>The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venture to a Jointly Controlled Entity (JCE).</p> <p>No significant impact is expected as the Municipality does not have any JCE's at this stage.</p>	1 April 2015
IGRAP 17	<p><u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u></p> <p>The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.</p> <p>No such transactions or events are expected in the foreseeable future.</p>	Unknown
Directive 11	<p><u>Changes In Measurement Bases following Initial Adoption of Standards of GRAP</u></p> <p>This Directive can be applied when a Municipality elects to change the measurement bases selected for certain assets on the initial adoption of Standards of GRAP.</p> <p>No significant impact is expected as the Municipality has no intention of changing its measurement bases.</p>	1 April 2015

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, funds are transferred from the accumulated surplus / (deficit) to the CRR. The cash funds in the CRR can only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.10.2. Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality shall recognise the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leases asset is diminished.

1.11. BORROWING COST

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.12. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately disclosed in the **Statement of Financial Position**. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are financial liabilities that are separately reflected on the **Statement of Financial Position**. They represent unspent contributions from the public.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the **Statement of Financial Performance**.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the municipality's interest it is recognised as interest earned in the **Statement of Financial Performance**.

1.15. PROVISIONS

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources

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embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.16. EMPLOYEE BENEFITS

(a) Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution.

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The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

Accumulated leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

(d) Staff Bonuses

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

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(e) Other Short-term Employee Benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the entity, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one

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period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads, pavements and bridges	10-30	Buildings	30
Storm Water	20	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sanitation	15-20	Furniture and fittings	5-10
Waste Management	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and Equipment	10-15
Sports fields and Stadia	30		
Housing	20-30	Other plant and equipment	2-5
Security Halls	5	Emergency equipment	20
	20-30		

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Libraries	20-30	Computer equipment	25
Parks and gardens	20-30		
Other assets	15-20		
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

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- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The

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estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	Years
Computer Software	5
Computer Software Licenses	5

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2008.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property shall be recognised as an asset when and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

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Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	30

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2008.

1.20. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total

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contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1.21. AGRICULTURE

1.21.1. Initial Recognition

A biological asset or agricultural produce is recognised when and only when:

- the Municipality controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality;
- and the fair value or cost of the asset can be measured reliably.

Biological assets are initially measured at their fair value less cost to sell.

1.21.2. Subsequent Measurement

Biological assets are measured at their fair value less cost to sell.

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit in the local industry. Game is considered to be bearer biological assets.

A gain or loss arising on initial recognition of biological assets at fair value less cost to sell is included in profit or loss for the period in which it arises.

1.22. HERITAGE ASSETS

1.22.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

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A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.22.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.22.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.22.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.22.5. Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2011.

1.23. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.23.1. Cash generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

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In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated;
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset;
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite;
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

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Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.23.2. *Non-cash-generating assets*

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset;
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the

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operation to which an asset belongs, or plans to dispose of an asset before the previously expected date;

- A decision to halt the construction of the asset before it is complete or in a usable condition;
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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An impairment loss is recognised immediately in surplus or deficit.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.24. NON CURRENT INVESTMENTS

Financial instruments, which include, investments in municipal entities and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.25. INVENTORIES

1.25.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.25.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in-first-out method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.26. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions). The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.26.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

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1.26.2. Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.26.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.26.2.2. Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially

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recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.26.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.26.3. De-recognition

1.26.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of

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the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.26.3.2. *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.26.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.27. STATUTORY RECEIVABLES

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.27.1. *Initial Recognition*

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.27.2. *Subsequent Measurement*

The Municipality initially measures the statutory receivables at their transaction amount. The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication

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that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.27.3. Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:
 - i. derecognise the receivable; and
 - ii. recognise separately any rights and obligations created or retained in the transfer.

1.28. REVENUE

1.28.1. Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an

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asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. In cases where fines and summonses are issued by another government institute, revenue will only be recognised when monies are received, as the Municipality does not have any control over fines issued by other government institutes.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because

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the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.28.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality;
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

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The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.29. TRANSFER OF FUNCTIONS (Municipality as acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:

- (a) identifying the acquirer (Municipality);
- (b) determining the acquisition date;
- (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
- (d) recognising the difference between (c) and the consideration transferred to the seller.

As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in

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the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.30. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
- has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
- the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).

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- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee;
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

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1.31. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.34. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

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1.35. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

Post-retirement medical obligations and Long service awards

The cost of post-retirement medical obligations and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used are disclosed in note 4 of the Annual Financial Statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

Property, Plant and Equipment

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of Property, Plant and Equipment:

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

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For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- Cost of items with a similar nature currently in the Municipality's asset register;
- Cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- Cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

Investment Property

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

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For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value of the expected future cash flows to rehabilitate the landfill site at year end. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset is charged to the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Pre-paid electricity estimation

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year end, which is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days' worth of unused electricity.

Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

KAMIESBERG MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Revenue Recognition

Accounting Policy 1.28.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.28.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed.

1.36. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.37. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.38. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
2. LONG TERM LIABILITIES		
Capitalised Lease Liability - At amortised cost	486 978	453 682
	<u>486 978</u>	<u>453 682</u>
Less: Current Portion transferred to Current Liabilities	(142 742)	(163 397)
Capitalised Lease Liability - At amortised cost	<u>(142 742)</u>	<u>(163 397)</u>
Total Long-term Liabilities - At amortised cost using the effective interest rate method	<u><u>344 236</u></u>	<u><u>290 285</u></u>

2.1 The obligations under finance leases are scheduled below:

Amounts payable under finance leases:

Payable within one year	204 360	225 555
Payable within two to five years	407 995	344 985
Payable after five years	-	-
	<u>612 355</u>	<u>570 540</u>
Less: Future finance obligations	(125 377)	(116 857)
Present value of finance lease obligations	<u><u>486 978</u></u>	<u><u>453 683</u></u>

The capitalised lease liability consist out of the following contracts:

Supplier	Description of leased item	Effective Interest rate	Annual Escalation	Lease Term	Maturity Date
Nashua Mobile	Laptops & Modems	10%	0%	2 Years	31/01/2015
Nashua	Fax machines and Copiers	14%	0%	5 Years	28/02/2018

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - Note 11

3. NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	15 328 150	8 058 816
Total Non-current Provisions	<u><u>15 328 150</u></u>	<u><u>8 058 816</u></u>

3.1 Landfill Sites

Balance 1 July	8 056 816	9 278 568
Contribution for the year	867 631	456 046
Change in Provision for Rehabilitation Cost	6 403 702	(1 877 796)
Total provision 30 June	<u><u>15 328 150</u></u>	<u><u>8 056 816</u></u>
Less: Transfer of Current Portion to Current Provisions	-	-
Balance 30 June	<u><u>15 328 150</u></u>	<u><u>8 056 816</u></u>

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows

	Hondeklip Bay	Kilfontein	Soebatsfontein	Garies
Area (m²)	6 175	2 392	2 952	12 878
Rehabilitation volume (m³)	1 235	358	590	6 439
Fence (m)	420	-	350	-
Cost of fence (Rand)	243 600	-	203 000	-
Site Clearance (R60/m³)	74 100	20 406	33 630	367 023
Excavation cost (R40/m³)	133 929	159 620	250 100	2 917 550
Filling (R57/m³)	351 975	136 344	168 264	734 046
Environmental impact assessment (Rand)	180 000	-	-	180 000
Application for permits (Rand)	35 000	-	-	35 000
Preliminary and general (Rand)	120 541	47 456	98 249	602 793
Fees and expenses (Rand)	92 414	36 383	75 324	462 141

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	Tweerivier	Kharkams	Spoegrivier	Nourivier
Area (m²)	4 268	3 662	2 490	4 650
Rehabilitation volume (m³)	341	732	199	139
Fence (m)	-	-	200	-
Cost of fence (Rand)	-	-	116 000	-
Site Clearance (R60/m³)	19 437	41 747	11 343	7 923
Excavation cost (R40/m³)	152 990	294 650	110 545	60 658
Filling (R20/m³)	243 276	208 734	141 930	265 050
Preliminary and general (Rand)	62 355	81 770	56 973	50 045
Fees and expenses (Rand)	47 806	62 690	43 679	38 368

	Leliefontein	Rooifontein/ Kamassies	Paulshoek	Kamieskroon
Area (m²)	5 250	6 440	4 900	14 500
Rehabilitation volume (m³)	577	322	392	2 900
Fence (m)	-	-	-	460
Cost of fence (Rand)	-	-	-	266 800
Site Clearance (R60/m³)	32 889	18 354	22 344	165 300
Excavation cost (R40/m³)	154 153	143 165	169 940	1 564 250
Filling (R20/m³)	299 250	367 080	279 300	826 500
Preliminary and general (Rand)	72 944	79 290	70 738	423 428
Fees and expenses (Rand)	55 924	60 789	54 232	324 628

The municipality has an obligation to rehabilitate landfill sites at the end of the expected useful life of the asset. Total cost and estimated date of decommission of the sites are as follows:

Location	Estimated decommission date	2015 R	2014 R
Hondeklip Bay	2035	3 949 776	3 434 542
Klipfontein	2035	1 283 521	980 056
Soebatsfontein	2035	2 657 328	3 075 278
Garies	2019	6 689 301	2 254 699
Tweerivier	2035	1 688 518	160 849
Kharkams	2035	2 211 810	2 124 259
Spoegrivier	2035	1 540 932	1 318 245
Nourivier	2035	1 353 548	270 684
Leliefontein	2035	1 972 897	623 548
Rooifontein/Kamassies	2035	2 144 540	453 142
Paulshoek	2035	1 913 229	442 701
Kamieskroon	2035	11 452 377	7 248 270
		38 855 677	22 368 273

4. NON-CURRENT EMPLOYEE BENEFITS

Provision for Post Retirement Health Care Benefits	1 902 843	1 661 630
Provision for Long Service Awards	737 432	675 688
Total Non-current Employee Benefits	2 640 275	2 337 318

Post Retirement Health Care Benefits

Balance 1 July	1 696 166	1 197 899
Contribution for the year	314 891	212 221
Expenditure for the year	(37 613)	(29 984)
Actuarial Loss/(Gain)	(33 977)	316 030
Total provision 30 June	1 939 467	1 696 166
Less: Transfer of Current Portion to Current Provisions - Note 6	(36 624)	(34 536)
Balance 30 June	1 902 843	1 661 630

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>Long Service Awards</u>		
Balance 1 July	774 802	694 115
Contribution for the year	132 491	120 121
Expenditure for the year	(63 315)	(27 966)
Actuarial Loss/(Gain)	13 538	(11 468)
Total provision 30 June	857 516	774 802
Less: Transfer of Current Portion to Current Provisions - Note 6	(120 084)	(99 114)
Balance 30 June	737 432	675 688

4.1 Provision for Post Retirement Health Care Benefits

The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	20	17
In-service (employee) non-members	65	67
Continuation members (e.g. Retirees, widows, orphans)	2	2
Total Members	87	86

The liability in respect of past service has been estimated to be as follows:

In-service members	820 417	741 939
In-service non-members	811 365	643 148
Continuation members	307 685	306 882
Total Liability	1 939 467	1 691 949

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
In-service members	513 533	393 335	-
In-service non-members	394 603	300 382	-
Continuation members	289 763	282 340	-
Total Liability	1 197 899	976 057	-

The municipality performed their first actuarial valuation on 30 June 2012. Thus there are no liability figures available on or before 30 June 2012 to fully comply with GRAP 25.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health

The Current-service Cost for the ensuing year is estimated to be R187 313, whereas the Interest Cost for the next year is estimated to be R174 930.

Key actuarial assumptions used:	2015 %	2014 %
i) Rate of Interest		
Discount rate	9.10	8.90
Health Care Cost Inflation Rate	8.26	8.10
Net Effective Discount Rate	0.78	0.73

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 63 years for males and 58 years for females.

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	1 939 467	1 696 166
Fair value of plan assets	-	-
	<u>1 939 467</u>	<u>1 696 166</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present Value of unfunded obligations	-	-
Net liability/(asset)	<u>1 939 467</u>	<u>1 696 166</u>

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	1 696 166	1 197 899
Total expenses	277 278	182 237
Current service cost	185 472	104 547
Interest Cost	149 419	107 674
Benefits Paid	(37 613)	(29 984)
Actuarial (gains)/losses	(33 977)	316 030
Present value of fund obligation at the end of the year	<u>1 939 467</u>	<u>1 696 166</u>

Reconciliation of fair value of plan assets:

Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions: Employer	-	-
Contributions: Employee	-	-
Past Service Costs	-	-
Actuarial (gains)/losses	-	-
Benefits Paid	-	-
Fair value of plan assets at the end of the year	<u>-</u>	<u>-</u>

Sensitivity Analysis on the Accrued Liability

	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption				
Central Assumptions	1.632	0.308	1.939	

The effect of movements in the assumptions are as follows:

	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Assumption					
Health care inflation	1%	1.963	0.327	2.290	18.00%
Health care inflation	-1%	1.366	0.290	1.657	-15.00%
Post-retirement mortality	-1 year	1.698	0.324	2.022	4.00%
Average retirement age	-1 year	1.819	0.308	2.126	10.00%
Withdrawal Rate	-10%	1.089	0.308	1.397	-28.00%

	Change	Current Service Cost (R)	Interest Cost (R)	Total (R)	% change
Assumption					
Health care inflation	1%	195 800	173 300	369 100	17.00%
Health care inflation	-1%	140 800	129 800	270 600	-14.00%
Post-retirement mortality	-1 year	172 600	156 200	328 800	4.00%
Average retirement age	-1 year	163 000	156 100	319 100	1.00%
Withdrawal Rate	-10%	106 700	109 800	216 500	-31.00%

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	(33 977.00)	316 030
Assets: Gain / (loss)		-

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	(33 977)	41 262	-
Assets: Gain / (loss)	-	-	-

The municipality performed their first actuarial valuation on 30 June 2012. Thus there are no experience adjustment figures available on or before 30 June 2012 to fully comply with GRAP 25.

	2015 R	2014 R
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4.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 84 employees were eligible for Long Service Bonuses.

The Current-service Cost for the ensuing year is estimated to be R75 627 whereas the Interest Cost for the next year is estimated to be R56 864.

	2015 %	2014 %
Key actuarial assumptions used:		
i) Rate of Interest		
Discount rate	7.98	7.83
General Salary Inflation (long-term)	7.05	7.02
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.87	0.75

	2015 R	2014 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	857 516	774 802
Fair value of plan assets	-	-
	<u>857 516</u>	<u>774 802</u>
Unrecognised past service cost	-	-
Unrecognised actuarial gains/(losses)	-	-
Present value of unfunded obligations	-	-
Net liability/(asset)	<u>857 516</u>	<u>774 802</u>

Reconciliation of present value of fund obligation:

	2015	2014
Present value of fund obligation at the beginning of the year	774 802	694 115
Total expenses	69 176	92 155
Current service cost	75 627	74 079
Interest Cost	56 864	46 042
Benefits Paid	(63 315)	(27 966)
Actuarial (gains)/losses	13 538	(11 468)
Present value of fund obligation at the end of the year	<u>857 516</u>	<u>774 802</u>

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Reconciliation of fair value of plan assets:		
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contribution: Employer	-	-
Contribution: Employee	-	-
Past service costs	-	-
Actuarial (gains)/losses	-	-
Benefits paid	-	-
Fair value of plan assets at the end of the year	<u>•</u>	<u>•</u>

Sensitivity Analysis on the Unfunded Accrued Liability

	Change	Liability (Rm)	% change
Assumption			
Central assumptions			
General salary inflation	1%	0.912	6.00%
General salary inflation	-1%	0.808	-6.00%
Average retirement age	-2 yrs	0.786	-8.00%
Average retirement age	2 yrs	0.949	11.00%
Withdrawal rates	-50%	1.045	22.00%

	2015 R	2014 R
Experience adjustments were calculated as follows:		
Liabilities: (Gain) / loss	13 538	(11 468)
Assets: Gain / (loss)		•

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
Liabilities: (Gain) / loss	(2 687)	14 258	-
Assets: Gain / (loss)	•	-	-

The municipality performed their first actuarial valuation on 30 June 2012. Thus there are no experience adjustment figures available on or before 30 June 2012 to fully comply with GRAP 25.

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.

CAPE JOINT RETIREMENT FUND

The contribution rate paid by the members (9,0%) and Council (18,0%). The last actuarial valuation performed for the year ended 30 June 2013 revealed that the fund is in a sound financial position with a funding level of 99,9% (30 June 2013 - 105,1%).

Contributions paid recognised in the Statement of Financial Performance	<u>859 448</u>	<u>713 108</u>
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KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>DEFINED CONTRIBUTION FUNDS</u>		
Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.		
Contributions paid recognised in the Statement of Financial Performance		
National Fund Municipal Workers	78 894	73 224
SAMWU National Provident Fund	692 107	652 828
	<u>771 001</u>	<u>726 053</u>

5. CONSUMER DEPOSITS

Water and Electricity	1 369 119	29 670
Correction of Error - Note 37.1	-	104
Total Consumer Deposits	<u>1 369 119</u>	<u>29 774</u>

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer Deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding amount.

6. CURRENT EMPLOYEE BENEFITS

Staff Bonuses	394 998	359 820
Staff Leave	1 242 836	1 044 703
Current Portion of Non-Current Provisions	156 708	133 850
Current Portion of Post Retirement Benefits - Note 4	36 624	34 538
Current Portion of Long-Service Provisions - Note 4	120 084	99 114
Total Provisions	<u>1 794 542</u>	<u>1 538 173</u>

The movement in current provisions are reconciled as follows:

8.1 Staff Bonuses

Balance at beginning of year	359 820	297 822
Contribution to current portion	827 792	757 140
Expenditure incurred	(792 614)	(895 142)
Balance at end of year	<u>394 998</u>	<u>359 820</u>

Bonuses are being paid to all municipal staff, excluding section 57 employees. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

6.2 Staff Leave

Balance at beginning of year	1 044 703	792 276
Contribution to current portion	269 384	275 082
Expenditure incurred	(71 252)	(22 655)
Balance at end of year	<u>1 242 836</u>	<u>1 044 703</u>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
7. PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade Payables	26 852 480	23 631 867
Payments received in advance	808 003	765 926
Retentions	396 792	68 165
Other Creditors	5 131 615	5 384 218
Correction of Error - Note 37.2	-	(472 021)
Total Trade Payables	33 188 889	29 378 155

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include Hall, Builders and Housing Deposits.

8. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Conditional Government Grants and Receipts	9 970 032	8 142 075
National Government Grants	6 930 744	5 638 953
Provincial Government Grants	2 715 163	2 087 885
District Municipality	324 125	435 137
Other Sources	-	-
Less: Unpaid Conditional Government Grants and Receipts	(32 967)	-
National Government Grants	(32 967)	-
Provincial Government Grants	-	-
District Municipality	-	-
Other Sources	-	-
Total Conditional Grants and Receipts	9 937 065	8 142 075

See appendix "E" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

9. TAXES

9.1 VAT	(75 747)	2 830 474
Correction of Error - 37.3	-	(4 102 608)
Total Taxes (Payable)/Receivable	(75 747)	(1 272 134)

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

10. SHORT-TERM LOANS

The Municipality has no short term loans.

11. PROPERTY, PLANT AND EQUIPMENT

11.1 30 JUNE 2015

Reconciliation of Carrying Value						
	Land R	Buildings R	Infrastructure R	Lease Assets R	Other R	Total R
Carrying Value at 1 July 2014						
Cost	7 275 297	11 066 904	85 221 809	395 375	1 602 123	105 591 507
Original Cost	7 275 297	20 539 026	194 827 721	773 810	4 312 288	227 728 141
Accumulated Depreciation and Impairment Losses						
Original Cost	7 275 297	20 539 026	194 827 721	773 810	4 312 288	227 728 141
	-	(9 442 123)	(109 605 912)	(378 435)	(2 710 164)	(122 136 634)
	-	(9 442 123)	(109 605 912)	(378 435)	(2 710 164)	(122 136 634)
Acquisitions	187 647	-	2 355 904	273 980	374 003	3 191 513
Capital under Construction	-	-	5 900 733	-	-	5 900 733
Depreciation	-	(724 919)	(8 164 623)	(195 091)	(527 378)	(9 612 011)
Normal Depreciation	-	(724 919)	(8 164 623)	(195 091)	(527 378)	(9 612 011)
Correction of Error - Note 38.4	-	-	-	-	-	-
Carrying value of disposals	-	-	-	(2 951)	-	(2 951)
Cost	-	-	-	(4 918)	-	(4 918)
Accumulated Depreciation	-	-	-	1 967	-	1 967
IGRAP 2 Adjustments	-	-	6 403 702	-	-	6 403 702
Cost	-	-	5 474 015	-	-	5 474 015
Reversal of impairment losses	-	-	1 118 704	-	-	1 118 704
Impairment losses	-	-	(189 016)	-	-	(189 016)
Carrying Value at 30 June 2015	7 462 943	10 371 985	91 717 524	471 293	1 448 749	111 472 494
Cost	7 462 943	20 539 026	208 558 372	1 042 832	4 686 291	242 289 484
Original Cost	7 462 943	20 539 026	208 558 372	1 042 832	4 686 291	242 289 484
Accumulated Depreciation and Impairment Losses	-	(10 167 041)	(116 840 848)	(571 539)	(3 237 542)	(130 816 990)
Original Cost	-	(10 167 041)	(116 840 848)	(571 539)	(3 237 542)	(130 816 990)

Reconciliation of Carrying Value						
	Land R	Buildings R	Infrastructure R	Lease Assets R	Other R	Total R
Carrying Value at 1 July 2013	7 275 297	11 821 822	93 343 311	578 924	2 148 264	115 187 617
Cost	7 275 297	20 539 026	193 726 977	908 055	4 312 288	228 759 643
Original Cost	7 275 297	20 539 026	191 037 133	908 055	4 312 288	224 069 799
Correction of Error - Note 37.4	-	-	2 689 844	-	-	2 689 844
Accumulated Depreciation and Impairment Losses	-	(8 717 204)	(100 383 666)	(327 131)	(2 164 024)	(111 592 026)
Original Cost	-	(8 717 204)	(99 882 982)	(327 131)	(2 164 024)	(111 091 342)
Correction of Error - Note 37.4	-	-	(500 684)	-	-	(500 684)
Acquisitions	-	-	-	-	-	-
Capital under Construction	-	-	1 100 744	-	-	1 100 744
Depreciation	-	(724 918)	(7 544 450)	(187 370)	(546 140)	(8 982 878)
Normal Depreciation	-	(724 918)	(7 157 449)	(187 370)	(546 140)	(8 595 878)
Backlog Depreciation previously not recorded - Note 37.4	-	-	(387 001)	-	-	(387 001)
Carrying value of disposals	-	-	-	(16 180)	-	(16 180)
Cost	-	-	-	(134 021)	-	(134 021)
Correction of Error - Note 37.4	-	-	-	1 775	-	1 775
Accumulated Depreciation	-	-	-	116 066	-	116 066
Impairment losses	-	-	(1 677 796)	-	-	(1 677 796)
IGRAP 2 Adjustments	-	-	(1 677 796)	-	-	(1 677 796)
Carrying Value at 30 June 2014	7 275 297	11 096 904	85 221 809	395 375	1 602 123	105 591 507
Cost	7 275 297	20 539 026	194 827 721	773 810	4 312 288	227 728 141
Original Cost	7 275 297	20 539 026	194 827 721	773 810	4 312 288	227 728 141
Accumulated Depreciation and Impairment Losses	-	(9 442 123)	(109 605 912)	(378 435)	(2 710 164)	(122 136 634)
Original Cost	-	(9 442 123)	(109 605 912)	(378 435)	(2 710 164)	(122 136 634)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
11.3 Assets pledged as security:		
Leased Property, Plant and Equipment of R471 293 (2014: R395 375) is secured for leases as set out in Note 2.		
12. INVESTMENT PROPERTY		
Net Carrying amount at 1 July	502 059	502 059
Cost	502 059	502 059
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Disposals	(13 900)	-
Depreciation for the year	-	-
Net Carrying amount at 30 June	488 159	502 059
Cost	488 159	502 059
Accumulated Depreciation	-	-
Accumulated Impairment Loss	-	-
Estimate Fair Value of Investment Property at 30 June	488 159	502 059
13. INTANGIBLE ASSETS		
Net Carrying amount at 1 July	143 743	173 480
Cost	262 405	262 405
Accumulated Amortisation	(118 662)	(88 925)
Accumulated Impairment Loss	-	-
Acquisitions	-	-
Amortisation	(35 938)	(31 445)
Correction of Error - Note 37.5	-	1 709
Net Carrying amount at 30 June	107 808	143 743
Cost	262 405	262 405
Accumulated Amortisation	(154 597)	(118 662)
Accumulated Impairment Loss	-	-
No intangible assets were assessed having an indefinite useful life.		
There are no internally generated intangible assets at reporting date.		
There are no intangible assets whose title is restricted.		
There are no intangible assets pledged as security for liabilities.		
There are no contractual commitments for the acquisition of intangible assets.		
14. INVENTORY		
Consumable Stores - Stationery and materials - At cost	32 222	42 214
Water - At purification cost	49 773	11 425
Total Inventory	81 995	53 638
The municipality recognised only purification costs in respect of non-purchased purified water inventory.		

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
15. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	5 718 432	3 759 656
Water	9 817 173	7 784 575
Refuse	4 163 955	3 477 601
Sewerage	2 220 661	1 817 822
Other Arrears	11 684 787	10 354 712
Total: Receivables from exchange transactions (before provision)	33 605 008	27 194 366
Less: Provision for Debt Impairment	(28 729 248)	(26 396 164)
Total: Receivables from exchange transactions (after provision)	4 875 760	798 203

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of consumer debtors are not performed in terms of GRAP 104 on initial recognition.

The fair value of receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)	1 560 000	215 110
31 - 60 Days	198 394	222 318
61 - 90 Days	153 927	176 725
+ 90 Days	3 806 110	3 145 503
Total	5 718 432	3 759 656

(Water): Ageing

Current (0 - 30 days)	261 886	285 310
31 - 60 Days	573 273	332 944
61 - 90 Days	283 316	268 154
+ 90 Days	8 718 697	6 900 167
Total	9 817 173	7 784 575

(Refuse): Ageing

Current (0 - 30 days)	101 800	103 208
31 - 60 Days	93 291	97 372
61 - 90 Days	88 995	88 263
+ 90 Days	3 879 869	3 188 758
Total	4 163 955	3 477 601

(Sewerage): Ageing

Current (0 - 30 days)	92 540	95 562
31 - 60 Days	78 665	86 613
61 - 90 Days	71 597	73 047
+ 90 Days	1 977 860	1 562 600
Total	2 220 661	1 817 822

(Other): Ageing

Current (0 - 30 days)	169 338	83 859
31 - 60 Days	204 548	89 670
61 - 90 Days	152 763	82 765
+ 90 Days	11 158 138	10 098 418
Total	11 684 787	10 354 712

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>(Total): Ageing</u>		
Current (0 - 30 days)	2 185 565	783 049
31 - 60 Days	1 148 172	828 917
61 - 90 Days	730 598	686 954
+ 90 Days	29 540 674	24 895 446
Total	33 605 008	27 194 366

Reconciliation of Provision for Debt Impairment

Balance at beginning of year	26 396 164	20 473 828
Contribution to provision	2 046 565	5 195 031
VAT on provision	286 519	727 304
Bad Debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	28 729 248	26 396 164

The total amount of this provision is R28 729 248 and consist of:

Services	18 310 349	15 205 684
Other Debtors	10 418 899	11 190 479
Total Provision for Debt Impairment on Receivables from exchange transactions	28 729 248	26 396 164

Ageing of amounts past due but not impaired:

31 - 60 Days	1 148 172	-
61 - 90 Days	730 598	-
+ 90 Days	811 426	15 154
	2 690 195	15 154

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

16. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Taxes - Rates	11 727 860	7 864 228
Other Receivables	121 137	31 900
	11 848 998	7 896 127
Less: Provision for Debt Impairment	(9 452 920)	(2 715 111)
Total Receivables from non-exchange transactions	2 396 077	5 181 017

The fair value of other receivables approximate their carrying value.

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

(Rates): Ageing

Current (0 - 30 days)	581 368	141 450
31 - 60 Days	205 053	430 870
61 - 90 Days	226 897	129 593
+ 90 Days	10 734 542	7 162 314
Total	11 727 860	7 864 228

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
<u>Reconciliation of Provision for Debt Impairment</u>		
Balance at beginning of year	2 715 111	5 063 064
Contribution to provision	6 737 810	-
Bad Debts written off against provision	-	-
Reversal of provision	-	(2 347 954)
Balance at end of year	<u>9 452 920</u>	<u>2 715 111</u>

The total amount of this provision is R9 452 920 and consist of:

Taxes	9 452 920	2 715 111
Other	-	-
Total Provision for Debt Impairment on Trade Receivables from non-exchange transactions	<u>9 452 920</u>	<u>2 715 111</u>

Ageing of amounts past due but not impaired:

31 - 60 Days	205 053	430 870
61 - 90 Days	226 897	129 593
+ 90 Days	1 281 622	4 447 203
	<u>1 713 572</u>	<u>5 007 667</u>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

17. OPERATING LEASE ARRANGEMENTS**17.1 The Municipality as Lessor**

Operating Lease Asset	<u>6</u>	<u>1 471</u>
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Reconciliation

Balance at the beginning of the year	1 471	2 635
Movement during the year	(1 465)	(1 164)
Balance at the end of the year	<u>6</u>	<u>1 471</u>

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	116	12 144
1 to 5 Years	-	116
More than 5 Years	-	-
Total Operating Lease Arrangements	<u>116</u>	<u>12 260</u>

Operating Leases relate to Property owned by the municipality with lease terms of between 3 to 6 (2014: 15 to 21) months, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an decrease of R1 465 (2013: Decrease of R1 164) in current year income.

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

The following restrictions have been imposed by the municipality in terms of the lease agreements:

The lessee shall not have the right to sublet, cede or assign the whole or any portion of the

(i) premises let.

The lessor is the duly authorised agent, representative or servant shall have the right at all

(ii) reasonable times to inspect the premises let.

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

18. BANK ACCOUNTS

18.1 Cash and Cash Equivalents

Current Accounts	817 920	187 702
Call Investments Deposits	728 573	573 834
Correction of Error - Note 38.9	-	-
Total Cash and Cash Equivalents - Assets	1 546 493	761 536

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

Call Investments Deposits to an amount of R728 573 are held to fund the Unspent Conditional Grants (2014: R573 834).

A guarantee of R265 534 (2014: R265 534) for Deman Facility Individual Guarantee exists.

The municipality has the following bank accounts:

Current Accounts

First National Bank - Account Number 620 2250 1440 (Primary Bank Account):	817 920	187 702
	817 920	187 702

Call Investment Deposits

First National Bank - Account Number 62012466018:	1 000	1 038
First National Bank - Account Number 62182751729:	219 572	10 000
First National Bank - Account Number 62117682791:	18 778	100 303
First National Bank - Account Number 62117684606:	140	140
First National Bank - Account Number 74282299369:	239 800	226 703
First National Bank - Account Number 71053360915:	118 045	111 587
First National Bank - Account Number 71059354764:	131 221	124 080
Momentum 3D Gearing Plan - Account Number 1001327535:	(11)	(11)
	728 644	573 841

Details of current accounts is as follow:

First National Bank - Account Number 620 2250 1440 (Primary Bank Account):

Cash book balance at beginning of year	187 702	(3 967 366)
Cash book balance at end of year	817 920	187 702
Bank statement balance at beginning of year	46 326	73 215
Bank statement balance at end of year	136 025	46 326

First National Bank - Account Number 62012466018:

Cash book balance at beginning of year	1 038	1 023
Cash book balance at end of year	1 000	1 038
Bank statement balance at beginning of year	1 038	1 023
Bank statement balance at end of year	1 000	1 038

First National Bank - Account Number 62182751729:

Cash book balance at beginning of year	10 000	12 126
Cash book balance at end of year	219 572	10 000
Bank statement balance at beginning of year	10 000	12 126
Bank statement balance at end of year	219 572	10 000

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
First National Bank - Account Number 62117682791:		
Cash book balance at beginning of year	100 303	154 406
Cash book balance at end of year	18 778	100 303
Bank statement balance at beginning of year	100 303	154 406
Bank statement balance at end of year	18 778	100 303
First National Bank - Account Number 62117684606:		
Cash book balance at beginning of year	140	(849)
Cash book balance at end of year	140	140
Bank statement balance at beginning of year	140	(849)
Bank statement balance at end of year	140	140
First National Bank - Account Number 74282299369:		
Cash book balance at beginning of year	226 703	215 507
Cash book balance at end of year	239 800	226 703
Bank statement balance at beginning of year	226 703	215 507
Bank statement balance at end of year	239 800	226 703
First National Bank - Account Number 71053360915:		
Cash book balance at beginning of year	111 587	108 314
Cash book balance at end of year	118 045	111 587
Bank statement balance at beginning of year	111 587	108 314
Bank statement balance at end of year	118 045	111 587
First National Bank - Account Number 71059354764:		
Cash book balance at beginning of year	124 080	118 185
Cash book balance at end of year	131 221	124 080
Bank statement balance at beginning of year	124 080	118 185
Bank statement balance at end of year	131 221	124 080
Momentum 3D Gearing Plan - Account Number 1001327535:		
Cash book balance at beginning of year	(11)	(11)
Cash book balance at end of year	(11)	(11)
Bank statement balance at beginning of year	(11)	(11)
Bank statement balance at end of year	(11)	(11)

19. PROPERTY RATES

Actual

Rateable Land and Buildings	7 713 453	3 993 869
<u>Less: Rebates</u>	(1 420 202)	(829 495)
Total Assessment Rates	6 293 251	3 164 373

Valuations - 1 July 2014

Rateable Land and Buildings	1 365 794 300	1 001 596 818
Residential Property	207 026 400	200 904 057
Commercial Property	32 275 500	24 118 844
Industrial Property	3 659 200	21 500
Public Benefits Organisations	18 597 300	14 456 900
Agricultural Purposes	1 016 661 100	427 987 500
State - National/ Provincial Services	70 210 400	20 017 500
Municipal Property	17 364 400	314 090 517
Total Assessment Rates	1 365 794 300	1 001 596 818

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

Basic Rate

Residential	1.18989c/R	1.12254c/R
Commercial	1.178483c/R	1.68381c/R
Agricultural	0.04997c/R	0.07858c/R
State	2.97473c/R	2.80635c/R
Industrial	1.178483c/R	1.68381c/R

Rates are levied annually and monthly. Monthly rates are payable by the 25th of the following month and annual rates are payable before 30 September. Interest is levied at a rate determined by council on outstanding rates amounts.

Rebates were granted on land with buildings used solely for dwellings purposes as follows:

Residential	- The first R15 000 on the valuation is exempted.
Public Benefit Organisations	-100%
State	- 30%

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

20. GOVERNMENT GRANTS AND SUBSIDIES

Unconditional

Equitable Share	13 411 000	8 728 000
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Conditional

Grants and Donations	12 002 261	9 052 208
Subsidies	-	-

Total Government Grants and Subsidies	25 413 261	17 780 206
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Government Grants and Subsidies - Operating	16 778 280	17 242 330
Government Grants and Subsidies - Capital	8 634 981	537 876
Total Government Grants and Subsidies	25 413 281	17 780 206

Revenue recognised per vote as required by Section 123 (c) of the MFMA:

Equitable share	13 411 000	8 728 000
Budget & Treasury Office	10 830 574	7 718 927
Corporate Services	248 412	243 781
Planning & Development	47 176	121 136
Road Transport	876 100	759 762
Electricity	-	208 600
Total Government Grants and Subsidies	25 413 261	17 780 206

20.1 Equitable Share

Opening balance	-	-
Correction of Error	-	-
Grants received	13 411 000	13 681 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(13 411 000)	(13 681 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
20.2 <u>Local Government Financial Management Grant (FMG)</u>		
Opening balance	-	-
Correction of Error	-	-
Grants received	1 800 000	1 650 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(1 832 967)	(1 650 000)
Conditions met - Capital	-	-
Conditions still to be met	<u>(32 967)</u>	<u>-</u>

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

20.3 <u>Municipal Systems Improvement Grant (MSIG)</u>		
Opening balance	476 027	372 678
Correction of Error	-	-
Grants received	934 000	890 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(867 471)	(786 651)
Conditions met - Capital	-	-
Conditions still to be met	<u>642 555</u>	<u>476 027</u>

The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

20.4 <u>Municipal Infrastructure Grant (MIG)</u>		
Opening balance	4 998 120	3 685 397
Correction of Error	-	-
Grants received	9 129 000	6 595 000
Interest received	-	-
Repaid to National Revenue Fund	-	(4 953 000)
Conditions met - Operating	-	-
Conditions met - Capital	(7 903 737)	(329 278)
Conditions still to be met	<u>6 223 384</u>	<u>4 998 121</u>

The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.

20.5 <u>Integrated National Electrification Grant</u>		
Opening balance	164 805	173 405
Correction of Error	-	-
Grants received	-	200 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(208 600)
Conditions still to be met	<u>164 805</u>	<u>164 805</u>

The grant was used to promote rural development and upgrade electricity infrastructure.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
20.6 <u>Expanded Public Works Programme (EPWP)</u>		
Opening balance	928 620	-
Correction of Error	-	-
Grants received	1 000 000	1 000 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(144 855)	(71 380)
Conditions met - Capital	(731 244)	-
Conditions still to be met	<u>1 052 520</u>	<u>928 620</u>

The grant was used for job creation.

20.7 Department Water Affairs and Environment (DWAF)

Opening balance	141 362	141 362
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>141 362</u>	<u>141 362</u>

The grant was used for the refurbishment of water infrastructure.

20.8 Department Cooperative Government, Housing & Traditional Affairs (COHGTA)

Opening balance	-	504 697
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(504 697)
Conditions met - Capital	-	-
Conditions still to be met	<u>-</u>	<u>0</u>

The Housing grant was utilised for the development of erven and the erection of top structures.

20.9 Library Grant

Opening balance	218 219	-
Correction of Error	-	-
Grants received	653 000	462 000
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(248 412)	(243 781)
Conditions met - Capital	-	-
Conditions still to be met	<u>622 808</u>	<u>218 219</u>

The grant was used to finance library activities.

20.10 Project Nala

Opening balance	620 180	236 450
Correction of Error	-	-
Grants received	-	504 866
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	(121 136)
Conditions met - Capital	-	-
Conditions still to be met	<u>620 180</u>	<u>620 180</u>

The grant was used for job creation.

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
20.11 <u>Department Finance, Economic Development & Tourism</u>		
Opening balance	50 000	50 000
Correction of Error	-	-
Grants received	150 000	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>200 000</u>	<u>50 000</u>
The grant will be used for the Power Flower Run.		
20.12 <u>Tourism</u>		
Opening balance	78 451	22 776
Correction of Error	-	-
Grants received	15 865	55 675
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(47 176)	-
Conditions met - Capital	-	-
Conditions still to be met	<u>47 140</u>	<u>78 451</u>
The grant was used for tourism activities.		
20.13 <u>Department Social Services</u>		
Opening balance	482	482
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>482</u>	<u>482</u>
The grant was used for various projects.		
20.14 <u>Department Sport, Arts and Culture</u>		
Opening balance	6 262	6 262
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>6 262</u>	<u>6 262</u>
The grant was used for various projects.		
20.15 <u>Drought Relief</u>		
Opening balance	24 409	24 409
Correction of Error	-	-
Grants received	-	-
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	<u>24 409</u>	<u>24 409</u>
The grant was used for drought relief.		

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
20.16 Namakwa DM		
Opening balance	435 138	-
Correction of Error	-	-
Grants received	115 386	618 822
Interest received	-	-
Repaid to National Revenue Fund	-	-
Conditions met - Operating	(226 399)	(183 685)
Conditions met - Capital	-	-
Conditions still to be met	<u>324 125</u>	<u>435 137</u>
The grant was used for various projects.		
20.17 Total Grants		
Opening balance	8 142 075	5 217 918
Correction of Error	-	-
Grants received	27 208 251	25 657 363
Interest received	-	-
Repaid to National Revenue Fund	-	(4 953 000)
Conditions met - Operating	(16 778 280)	(17 242 330)
Conditions met - Capital	(8 634 981)	(537 876)
Conditions still to be met/(Grant expenditure to be recovered)	<u>9 937 065</u>	<u>8 142 075</u>
<u>Disclosed as follows:</u>		
Unspent Conditional Government Grants and Receipts	9 970 032	8 142 075
Unpaid Conditional Government Grants and Receipts	(32 967)	-
Total	<u>9 937 065</u>	<u>8 142 075</u>
21. PUBLIC CONTRIBUTIONS AND DONATIONS		
De Beers	-	490 031
Other	-	106 138
Total Public Contributions and Donations	<u>-</u>	<u>596 169</u>
22. SERVICE CHARGES		
Electricity	4 993 771	4 208 892
Water	3 792 337	3 198 738
Refuse Removal	1 659 778	1 520 272
Sewerage and Sanitation Charges	1 290 226	1 221 429
	<u>11 736 111</u>	<u>10 149 331</u>
<u>Less:</u> Income Forgone	(1 896 112)	(2 180 229)
Total Service Charges	<u>9 840 000</u>	<u>7 969 102</u>
Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
23. RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	280 444	212 728
Rental of equipment	180	992
Total Rental of Facilities and Equipment	<u>280 624</u>	<u>213 720</u>
24. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	140 637	73 864
Total Interest Earned - External Investments	<u>140 637</u>	<u>73 864</u>

KAMIESBERG MUNICIPALITY

NDTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
25. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Trade Receivables	2 545 667	2 444 735
Total Interest Earned - Outstanding Receivables	2 545 667	2 444 735
26. OTHER INCOME		
Building plans	7 930	7 453
Connection Fees	20 762	13 237
Commonage Rent	542 755	584 760
Motor Vehicle Number plates	-	3 962
Opening of graves	10 259	5 311
Photostat, Copies and Faxes	14 258	13 151
Telephone Cost Recover	10	1 616
Tender Documents	1 579	1 360
Training	-	19 707
Valuation Certificates	17 411	11 680
Sundry Income	193 324	1 428
Total Other Income	808 289	663 665
27. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	10 734 632	9 846 218
Employee Related Costs - Contributions for UIF and Pensions	1 578 127	1 393 425
Employee Related Costs - Contributions for Medical Aids	378 455	262 504
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	1 229 162	1 448 672
Housing Benefits and Allowances	143 180	145 324
Overtime Payments	537 760	487 845
Bonuses	827 792	757 140
Provision for leave	269 384	276 082
Contribution to provision - Long Service Awards - Note 4	75 627	74 079
Contribution to provision - Post Retirement Medical - Note 4	165 472	104 547
	15 939 592	14 794 836
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	15 939 592	14 794 836
KEY MANAGEMENT PERSONNEL		
Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.		
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager - Mr JG Cloete (Current)</i>		
Annual Remuneration	625 634	563 544
Travelling Allowance	196 600	180 485
Telephone Allowance	9 509	9 000
Annual Bonus	-	-
Contributions to UIF, Medical and Pension Funds	6 859	9 482
Total	838 602	762 511
<i>Remuneration of the Chief Financial Officer - Mr RC Beukes</i>		
Annual Remuneration	293 481	266 735
Car Allowance	81 793	70 160
Telephone allowance	9 000	9 000
Annual Bonus	22 301	20 884
Contributions to UIF, Medical and Pension Funds	66 914	64 487
Total	473 490	431 266

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Remuneration of Manager: Corporate Services - Mrs DC Beukes		
Annual Remuneration	267 618	254 305
Car Allowance	74 571	67 476
Telephone allowance	9 000	9 000
Annual Bonus	20 884	19 646
Contributions - UIF, Medical, Pension	85 791	59 055
Total	457 864	409 482
Remuneration of Manager: Economic Development Services - Mr IE Jenner (Resign)		
Annual Remuneration	-	220 423
Car Allowance	-	127 458
Telephone allowance	-	7 500
Annual Bonus	-	-
Contributions - UIF, Medical, Pension	-	4 840
Total	-	360 221
Remuneration of Manager: Technical Services - Mr FA Links		
Annual Remuneration	280 038	264 260
Car Allowance	130 393	116 120
Telephone allowance	9 000	9 000
Annual Bonus	34 832	20 884
Contributions - UIF, Medical, Pension	87 308	82 926
Total	541 570	493 190

28. REMUNERATION OF COUNCILLORS

EA Stewens		195 491
PJ Willems	224 507	195 575
HG Links	228 119	199 837
MJ Cloete	890 585	628 780
MS Joseph	225 203	-
EA Steenkamp	238 545	-
SC Nero	259 388	195 395
MR Klease	228 119	198 999
MS Cardinal		195 380
Total Councillors' Remuneration	2 292 447	1 809 257

Remuneration paid to Councillors can be summarised as follow:

	Salary	Travel Allowance	Other Allowances	Contributions	Total
Mayor	448 486	151 115	211 920	79 045	890 585
Councillors	874 596	272 007	129 013	126 265	1 401 882
Total Councillors' Remuneration	1 323 082	423 122	340 933	205 310	2 292 447

In-kind Benefits

The Councillor occupying the position of Mayor/Speaker of the municipality serves in a full-time capacity and is provided with office accommodation and secretarial support at the expense of the municipality in order to enable the councillor to perform his official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


Signed: Municipal Manager

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
29. DEBT IMPAIRMENT		
Receivables from exchange transactions - Note 15	2 333 084	5 922 336
Receivables from non-exchange transactions - Note 16	6 737 810	(2 347 954)
	<u>9 070 894</u>	<u>3 574 382</u>
<u>Less:</u> VAT Portion on Debt Impairment	(286 519)	(727 304)
Total Debt Impairment	<u>8 784 375</u>	<u>2 847 077</u>
30. DEPRECIATION AND AMORTISATION		
Property, plant and equipment	9 612 011	8 595 878
Intangible assets	35 936	31 445
Correction of Error - Note 37.6	-	385 293
Total Depreciation and Amortisation	<u>9 647 947</u>	<u>9 012 616</u>
31. FINANCE COSTS		
Long-term Liabilities	79 520	88 984
Non-current Provisions	867 631	456 046
Non-current Employee Benefits	206 283	153 716
Creditors	599 485	1 563
Total Finance Costs	<u>1 752 919</u>	<u>700 289</u>
32. BULK PURCHASES		
Electricity	4 548 803	9 683 442
Water	539 718	649 260
Correction of Error - Note 37.6	-	(472 021)
Total Bulk Purchases	<u>5 088 521</u>	<u>9 860 681</u>
33. OTHER OPERATING GRANT EXPENDITURE		
Operating Grant Expenditure per Vote		
Budget & Treasury Office	1 063 203	4 573 897
Corporate Services	248 412	248 901
Planning & Development	85 387	82 951
Road Transport	226 399	2 520 778
Electricity	-	182 983
Total Operating Grant Expenditure	<u>1 623 400</u>	<u>7 609 310</u>
34. GENERAL EXPENSES		
Administration Costs	-	3 550
Advertising	21 588	12 504
Audit Fees	1 737 429	1 509 132
Bank Charges	67 597	67 997
Chemicals and Poison	186 465	39 132
Desalting	31 465	111 098
Fuel and Oil	607 723	522 800
Insurance	267 835	348 058
Legal Costs	177 667	71 129
Levies: SALGA	522 000	1 056 758
Licensing	32 385	26 274
Marketing and Public Relations	128 500	105 000
Materials	31 008	68 536
Printing and Stationery	297 811	331 180
Public Receptions	-	1 500
Refreshments	1 469	8 052
Rent - Plant and Vehicles	-	500
Special Projects/Programmes	165 918	82 856
Telephone Cost	711 893	670 751
Training Costs	-	10 808
Ward Committee Meetings	63 165	79 647
Other	106 430	2 363
Total General Expenses	<u>5 158 349</u>	<u>5 109 606</u>

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
35. GAINS/(LOSS) ON SALE OF ASSETS		
Property, plant and equipment	(14 482)	(17 955)
Correction of Error - Note 37.6		1 775
Total Gain/ (Loss) on Sale of Assets	(14 482)	(16 180)
36. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS		
Property, Plant and Equipment	-	-
Total (Impairment Loss)/ Reversal of Impairment Loss	-	-
37. CORRECTION OF ERROR IN TERMS OF GRAP 3		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GRAP:		
37.1 Consumer Deposits		
Balance previously reported	-	29 670
Consumer Deposit not recognised in prior years - Note 5	-	104
Restated Balance	-	29 774
Consumer Deposit not recognised in prior years.		
37.2 Payables from Exchange Transactions		
Balance previously reported	-	29 850 176
Correction of Trade Creditors - Note 7	-	(472 021)
Restated Balance	-	29 378 155
Correction of prior year Trade Creditors.		
37.3 Taxes		
Balance previously reported	-	2 830 474
Correction of VAT Control Accounts - Note 9	-	(4 102 808)
Restated Balance	-	(1 272 134)
Correction of VAT Control Accounts.		
37.4 Property, Plant and Equipment		
Balance previously reported		103 787 573
Cost	-	2 691 619
Infrastructure Assets - Water and Electricity Meters not recognised in prior years - Note 11	-	3 280 343
Infrastructure Assets - Work in Process duplicated in prior years - Note 11	-	(590 500)
Lease Asset Disposal recognised incorrectly in 2013/2014 - Note 11	-	1 775
list movements	-	-
Accumulated Depreciation	-	(887 685)
Infrastructure Assets - Depreciation on Water and Electricity Meters not recognised in before 1 July 2013 - Note 11	-	(500 684)
Infrastructure Assets - Depreciation on Water and Electricity Meters not recognised in 2013/2014 - Note 11	-	(147 947)
Infrastructure Assets - Depreciation recognised incorrectly in 2013/2014 - Note 11	-	(239 054)
Restated Balance	-	105 591 507

Correction of Infrastructure Assets and Lease Assets.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
37.5 Intangible Assets		
Balance previously reported	-	142 034
Accumulated Amortisation	-	1 709
Amortisation calculated incorrectly in 2013/2014 - Note 13	-	1 709
Restated Balance	-	143 743

Correction of amortisation for 2013/2014.

Correction of Consumer Accounts

37.6 Accumulated Surplus/(Deficit) - 1 July 2013

Consumer Deposit not recognised in prior years - Note 37.1	-	(104)
Correction of VAT Control Accounts - Note 37.1	-	(4 102 608)
Infrastructure Assets - Water and Electricity Meters not recognised in prior years - Note 37.4	-	3 280 343
Infrastructure Assets - Work in Process duplicated in prior years - Note 37.4	-	(590 500)
Infrastructure Assets - Depreciation on Water and Electricity Meters not recognised in before 1 July 2013 - Note 37.4	-	(500 684)
Total	-	(1 913 552)

37.7 Changes to Statement of Financial Performance

Movement on operating account as a result of GRAP standards not implemented in prior years:

	Note	Balance previously reported	Adjustments	Restated Balance
Revenue				
Property taxes		3 164 373	-	3 164 373
Government Grants and Subsidies		17 780 206	-	17 780 206
Public Contributions and Donations		596 169	-	596 169
Fines		934	-	934
Actuarial Gains		11 468	-	11 468
Service Charges		7 969 102	-	7 969 102
Rental of Facilities and Equipment		213 720	-	213 720
Interest Earned - external Investments		73 864	-	73 864
Interest Earned - outstanding receivables		2 444 735	-	2 444 735
Licences and Permits		342 124	-	342 124
Income for Agency Services		399 806	-	399 806
Other Income		663 665	-	663 665
Total		33 660 165	-	33 660 165
Expenditure				
Employee related costs		(14 794 836)	-	(14 794 836)
Remuneration of Councillors		(1 809 256)	-	(1 809 256)
Debt Impairment		(2 847 077)	-	(2 847 077)
Depreciation and Amortisation	30	(8 627 323)	(385 293)	(9 012 615)
Repairs and Maintenance		(935 797)	-	(935 797)
Actuarial Losses		(316 030)	-	(316 030)
Finance Costs		(700 289)	-	(700 289)
Bulk Purchases	32	(10 332 701)	472 021	(9 860 681)
Contracted Services		(577 842)	-	(577 842)
Other Operating Grant Expenditure		(7 609 310)	-	(7 609 310)
General Expenses		(5 109 606)	-	(5 109 606)
Loss on Sale of Assets	35	(17 955)	1 775	(16 180)
Total		(53 678 022)	88 503	(53 589 519)
Net Surplus/(Deficit) for the year		(20 017 857)	88 503	(19 929 353)

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
38. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATEO/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	(5 677 020)	(19 929 353)
Adjustments for:		
Depreciation and amortisation	9 647 947	9 012 615
Loss/(Gain) on disposal of property, plant and equipment	-	(1 775)
Government Grants and Subsidies received	27 208 251	25 657 363
Government Grants and Subsidies recognised as revenue	(25 413 261)	(17 780 206)
Government Grants and Subsidies repaid to National Revenue Fund	-	(4 953 000)
Contribution to provisions – Non-Current Provisions	867 631	456 046
Contribution from/to provisions - Current Employee Benefits	1 097 177	1 032 221
Contribution from/to provisions - Non-Current Employee Benefits	346 454	274 392
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial losses	13 538	316 030
Contribution from/to provisions - Non-Current Employee Benefits - Actuarial gains	(33 977)	(11 468)
Contribution to provisions – Bad debt	9 070 894	5 922 336
Reversal of Provision for Bad debt	-	(2 347 954)
Operating lease income accrued	1 465	1 164
Operating Surplus/(Deficit) before changes in working capital	17 129 099	(2 351 589)
Changes in working capital	(7 302 042)	7 717 924
Increase/(Decrease) in Consumer Deposits	1 339 346	-
Increase/(Decrease) in Trade and Other Payables	3 810 734	15 334 471
Increase/(Decrease) in Employee Benefits	(863 866)	(717 797)
Increase/(Decrease) in Taxes	(1 196 387)	(801 372)
(Increase)/Decrease in Inventory	(28 356)	21 572
(Increase)/Decrease in Trade Receivables from exchange transactions	(8 410 841)	(4 864 785)
(Increase)/Decrease in Other Receivables from non-exchange transactions	(3 952 871)	(1 254 188)
Cash generated/(absorbed) by operations	<u>9 827 057</u>	<u>5 366 335</u>
39. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Current Accounts - Note 18	817 920	187 702
Call Investments Deposits - Note 18	728 573	573 834
Total cash and cash equivalents	<u>1 546 493</u>	<u>761 536</u>
40. RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 39	1 546 493	761 536
Less:	(9 894 285)	(10 972 550)
Unspent Committed Conditional Grants - Note 8	(9 970 032)	(8 142 075)
VAT - Note 9	75 747	(2 830 474)
Net cash resources available for internal distribution	(8 347 792)	(10 211 014)
Allocated to:		
Capital Replacement Reserve	-	-
Resources available for working capital requirements	<u>(8 347 792)</u>	<u>(10 211 014)</u>
41. UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 2	486 978	453 682
Used to finance property, plant and equipment - at cost	(486 978)	(453 682)
Cash set aside for the repayment of long-term liabilities	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42. BUDGET COMPARISONS

	2015 Actual R	2015 Final Budget R	2015 Variance R	2015 Variance %
42.1 Operational Budget by Standard Classification				
<u>Revenue - Standard</u>				
Governance and Administration				
Executive & Council	(1 896 112)	(1 103 464)	(792 648)	71.83%
Budget & Treasury Office	32 320 166	22 941 405	9 378 761	40.88%
Corporate Services	793 807	528 326	265 481	50.25%
Community and Public Safety				
Community & Social Services	553 769	670 311	(116 542)	-17.39%
Sport and Recreation	13 203	19 332	(6 129)	-31.70%
Public Safety	-	-	-	
Housing	-	-	-	
Health	-	-	-	
Economic and Environmental Services				
Planning & Development	272 934	1 245 751	(972 817)	-78.09%
Road Transport	884 210	6 522	877 888	13457.34%
Environmental Protection	-	-	-	
Trading Services				
Electricity	5 204 607	5 307 108	(102 501)	-1.93%
Water	4 342 613	4 310 235	32 378	0.75%
Waste Water Management	1 407 576	1 408 587	(1 011)	-0.07%
Waste Management	1 943 204	1 949 136	(5 932)	-0.30%
Other	-	-	-	
Total Revenue	45 839 977	37 283 249	8 556 728	22.95%
	2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
<u>Expenditure - Standard</u>				
Governance and Administration				
Executive & Council	(3 585 467)	(3 513 638)	(71 829)	2.04%
Budget & Treasury Office	(9 826 411)	(11 719 251)	1 892 840	-16.15%
Corporate Services	(14 228 563)	(3 820 132)	(10 408 431)	272.46%
Community and Public Safety				
Community & Social Services	(186 241)	(20 000)	(166 241)	831.20%
Sport and Recreation	(79 520)	-	(79 520)	100.00%
Public Safety	-	-	-	
Housing	-	-	-	
Health	-	-	-	
Economic and Environmental Services				
Planning & Development	(896 878)	(1 920 883)	1 024 005	-53.31%
Road Transport	(2 533 517)	(1 932 323)	(601 194)	31.11%
Environmental Protection	-	-	-	
Trading Services				
Electricity	(12 201 975)	(6 340 900)	(5 861 075)	92.43%
Water	(3 069 344)	(2 787 521)	(281 823)	10.11%
Waste Water Management	-	-	-	
Waste Management	(4 909 082)	(2 995 284)	(1 913 798)	63.89%
Other	-	-	-	
Total Expenditure	(51 516 997)	(35 049 932)	(16 467 065)	46.98%
Surplus/(Deficit) for the year	(5 677 020)	2 233 317	(7 910 337)	-354.20%

Details of material variances

Refer to note 43 for explanations.

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
42.2 Capital Expenditure by Standard Classification				
Governance and Administration				
Executive and council	-	-	-	
Budget and Treasury Office	-	-	-	
Corporate Services	-	-	-	
Community and Public Safety	-	-	-	
Community and Social Services	-	-	-	
Sport and Recreation	-	-	-	
Public Safety	-	-	-	
Housing	-	-	-	
Health	-	-	-	
Economic and Environmental Services	-	-	-	
Planning and Development	-	-	-	
Road Transport	-	-	-	
Environmental Protection	-	-	-	
Trading Services	-	-	-	
Electricity	-	-	-	
Water	7 622 726	9 129	7 613 597	83400.12%
Waste Water Management	-	-	-	
Waste Management	-	-	-	
Other	-	-	-	
Total Capital Expenditure	7 622 726	9 129	7 613 597	83400.12%

Details of material variances

Refer to note 43 for explanations.

42.3 Operational Budget by Municipal Vote

Revenue - Vote

Executive and Council	(1 896 112)	(1 103 464)	(792 648)	71.83%
Municipal Manager	(1 896 112)	(1 103 464)	(792 648)	71.83%
Councillors	-	-	-	
Finance and Administration	33 874 747	24 358 459	9 516 288	58.69%
Finance	32 320 166	22 941 405	9 378 761	40.88%
Administration	1 011 826	758 599	253 227	33.38%
Commonage	542 755	658 455	(115 700)	-17.57%
Community and Social Services	11 014	11 856	(842)	-15.35%
Cemeteries	10 259	11 033	(774)	-7.01%
Libraries	754	823	(89)	-8.34%
Sport and Recreation	13 203	19 332	(6 129)	-31.70%
Sportgrounds and Community Facilities	-	-	-	
Caravan Park	13 203	19 332	(6 129)	-31.70%
Waste Management	1 943 204	1 949 136	(5 932)	-0.30%
Refuse and Sanitation	1 943 204	1 949 136	(5 932)	-0.30%
Water	4 342 613	4 310 235	32 378	0.75%
Water	4 342 613	4 310 235	32 378	0.75%
Electricity	5 204 607	5 307 108	(102 501)	-1.93%
Electricity	5 204 607	5 307 108	(102 501)	-1.93%
Economic and Social Development	54 915	1 015 478	(960 563)	-94.59%
Local Economic Development	54 915	1 015 478	(960 563)	-94.59%
Technical and Roads	884 210	6 522	877 688	13457.34%
Streets	884 210	6 522	877 688	13457.34%

KAMIESBERG MUNICIPALITY

NDTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Waste Water Management	1 407 576	1 408 587	(1 011)	-0.07%
Sewerage	1 407 576	1 408 587	(1 011)	-0.07%
Total Revenue	45 839 977	37 283 249	8 556 728	22.95%
	2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
Expenditure - Vote				
Executive and Council	(3 585 467)	(3 513 638)	(71 829)	2.04%
Municipal Manager	(894 326)	(921 974)	27 648	-3.00%
Councillors	(2 691 141)	(2 591 664)	(99 477)	3.84%
Finance and Administration	(24 241 215)	(15 559 383)	(8 681 832)	55.80%
Finance	(9 826 411)	(11 719 251)	1 892 840	-16.15%
Administration	(14 228 563)	(3 820 132)	(10 408 431)	272.46%
Commonage	(186 241)	(20 000)	(166 241)	831.20%
Community and Social Services	-	-	-	
Cemeteries	-	-	-	
Libraries	-	-	-	
Sport and Recreation	(79 520)	-	(79 520)	100.00%
Sportgrounds and Community Facilities	(79 520)	-	(79 520)	100.00%
Caravan Park	-	-	-	
Waste Management	(4 909 082)	(2 995 284)	(1 913 798)	63.89%
Refuse and Sanitation	(4 909 082)	(2 995 284)	(1 913 798)	63.89%
Water	(3 069 344)	(2 787 521)	(281 823)	10.11%
Water	(3 069 344)	(2 787 521)	(281 823)	10.11%
Electricity	(12 201 975)	(6 340 900)	(5 861 075)	92.43%
Electricity	(12 201 975)	(6 340 900)	(5 861 075)	92.43%
Economic and Social Development	(896 878)	(1 920 883)	1 024 005	-53.31%
Local Economic Development	(896 878)	(1 920 883)	1 024 005	-53.31%
Technical and Roads	(2 533 517)	(1 932 323)	(601 194)	31.11%
Streets	(2 533 517)	(1 932 323)	(601 194)	31.11%
Waste Water Management	-	-	-	
Sewerage	-	-	-	
Total Expenditure	(51 516 997)	(35 049 932)	(16 467 065)	46.98%
Surplus/(Deficit) for the year	(5 677 020)	2 233 317	(7 910 337)	-354.20%

Details of material variances

Refer to note 43 for explanations.

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 Actual R	2015 Budget R	2015 Variance R	2015 Variance %
42.4 Capital Expenditure by Municipal Vote				
Executive and Council	-	-	-	
Municipal Manager	-	-	-	
Councillors	-	-	-	
Finance and Administration	-	-	-	
Finance	-	-	-	
Administration	-	-	-	
Commonage	-	-	-	
Community and Social Services	-	-	-	
Cemeteries	-	-	-	
Libraries	-	-	-	
Sport and Recreation	-	-	-	
Sportgrounds and Community Facilities	-	-	-	
Caravan Park	-	-	-	
Waste Management	-	-	-	
Refuse and Sanitation	-	-	-	
Water	-	-	-	
Water	7 622 726	9 129 000	(1 506 274)	-16.50%
Electricity	-	-	-	
Electricity	-	-	-	
Economic and Social Development	-	-	-	
Local Economic Development	-	-	-	
Technical and Roads	-	-	-	
Streets	-	-	-	
Waste Water Management	-	-	-	
Sewerage	-	-	-	
Total Capital Expenditure	7 622 726	9 129 000	(1 506 274)	-16.50%

Details of material variances

Refer to note 44 for explanations.

43 BUDGET INFORMATION

43.1 Explanation of variances between approved and final budget amounts

The reasons for the variances between the approved and final budgets are mainly due to virements, and the negative effect of the abnormal high electricity and solid waste tariff increases on consumer debtors, the decrease in the capital expenditure, and the reprioritising of capital projects, with the corresponding changes to funding sources.

Explanation of variances greater than 5%: Final Budget and Actual Amounts

Statement of Financial Position

43.2.1 Current Assets

Cash

Incorrect budgeting.

Call Investment Deposits

Cash portion of unspent grants.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Consumer Debtors

Incorrect budgeting.

Other Debtors

Incorrect budgeting.

Inventory

Increase in inventory: consumables.

43.2.2 Non-Current Assets

Investment Property

Incorrect budgeting.

Property, Plant and Equipment

Correction of asset register. Unbundling of meters

Intangible Assets

Correction of asset register.

43.2.3 Current Liabilities

Borrowing

Repayment of finance leases.

Consumer Deposits

Correct allocation of consumer deposits

Trade and Other Payables

Increase due to cash flow problems.

Provisions

Incorrect budgeting.

43.2.4 Non-Current Liabilities

Borrowing

New finance leases.

Provisions

Provision for rehabilitation of landfill-sites and post-retirement benefits not included in budget.

43.2.5 Net Assets

Accumulated Surplus/(Deficit)

Net effect of all movements.

Statement of Financial Performance

43.2.6 Revenue

Property Rates

Increase in property rates due to new valuation roll.

Service Charges - Electricity Revenue

Consumption less than budgeted consumption.

Service Charges - Water Revenue

Consumption less than budgeted consumption.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Service Charges - Sanitation Revenue

Decrease in consumption.

Service Charges - Refuse Revenue

Consumption less than budgeted consumption.

Service Charges - Other Revenue

Availability charges included under other service charges.

Rental of Facilities and Equipment

Incorrect budgeting.

Interest Earned - External Investments

Increase in interest on call deposits.

Interest Earned - Outstanding Debtors

Increase due to non-payment by consumers.

Fines

Additional fines received from Provincial Traffic.

Licences and Permits

Incorrect budgeting.

Agency Services

Incorrect budgeting.

Transfers Recognised - Operational

Decrease due to unspent grants on year-end.

Other Revenue

Increase in public contributions.

Transfers Recognised - Capital

Decrease due to unspent grants on year-end.

43.2.7 Expenditure

Employee Related Costs

Incorrect budgeting.

Remuneration of Councillors

Decrease in travelling expenses.

Debt Impairment

Increase in provision for debt impairment.

Depreciation and Asset Impairment

Increase due to correction of asset register.

Finance Charges

Interest cost of provision for rehabilitation of landfill-site and post-retirement benefits not included in budget.

Bulk Purchases

Decrease in consumer consumption.

Contracted Services

Contracted services budgeted under Other Expenditure.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Other Expenditure

Decrease in operating grant expenditure.

Loss on Disposal of PPE

*Finance leases repaid during the year.***Cash Flow Statement****43.2.8 Net Cash from Operating Activities**

Ratepayers and other

Increase in consumer debt.

Government - Operating

Unspent grants on year-end.

Government - Capital

Unspent grants on year-end.

Interest

Interest on call accounts not included in budget.

Suppliers and Employees

Post-retirement benefits not included in budget.

Finance Charges

*Increase in interest paid.***43.2.9 Net Cash from Investing Activities**

Proceeds on disposal of PPE

Settlement of finance leases.

Capital Assets

*Underspending of capital budget.***43.2.10 Net Cash from Financing Activities**

Repayment of Borrowing

Settlement of finance leases.

	2015 R	2014 R
44. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
44.1 <u>Unauthorised expenditure</u>		
Reconciliation of unauthorised expenditure:		
Opening balance	89 435 055	70 456 423
Unauthorised expenditure current year - operational	17 491 070	18 978 632
Unauthorised expenditure current year - capital	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<u>106 926 124</u>	<u>89 435 055</u>

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
Unauthorised expenditure can be summarised as follow:			
Incident	Disciplinary steps/criminal proceedings		
Over expenditure of approved budget - 2010	To be condoned by Council	29 684	29 684
Over expenditure of approved budget - 2011	To be condoned by Council	28 371 069	28 371 069
Over expenditure of approved budget - 2012	To be condoned by Council	16 738 583	16 738 583
Over expenditure of approved budget - 2013	To be condoned by Council	25 203 509	25 203 509
Over expenditure of approved budget - 2014	To be condoned by Council	18 978 632	18 978 632
Bank Shortages - 2011	None	28 274	28 274
Fraud Vehicle Registration - 2011	None	78 504	78 504
Withdrawal by former CFO, EB Toonlijes - 2011	None	6 800	6 800
Over expenditure of approved budget - 2015	None	17 491 070	-
		106 926 124	89 435 055

44.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	1 257 707	788 798
Fruitless and wasteful expenditure current year	890 671	468 909
Condoned or written off by Council	-	-
Transfer to receivables for recovery - not condoned	-	-
Fruitless and wasteful expenditure awaiting condonement	2 148 378	1 257 707

Fruitless and wasteful expenditure can be summarised as follow:

Incident	Disciplinary steps/criminal proceedings		
Legal Cost (Hondeklipbaal Stands) - 2011	None	199 191	199 191
Interest on late payment - Various Creditors - 2011	None	417 306	417 308
Interest on late payment - Various Creditors - 2012	None	172 301	172 301
Interest on late payment - Various Creditors - 2014	None	255 948	255 946
Interest on late payment - Various Creditors - 2015	None	537 535	-
Salary paid to employee J Links after he was dismissed	None	8 417	8 417
Interest and penalties paid to SARS - 2014	None	204 546	204 546
Interest and penalties paid to SARS - 2015	None	353 136	-
		2 148 378	1 257 707

44.3 **Irregular expenditure**

Reconciliation of Irregular expenditure:

Opening balance	8 431 124	6 377 155
Irregular expenditure current year	-	2 053 969
Expenditure authorised i.t.o. Section 32 of MFMA	-	-
Condonement supported by council	-	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting further action	8 431 124	8 431 124

Irregular expenditure awaiting condonement from National Treasury

8 431 124	8 431 124
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KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Irregular expenditure can be summarised as follow:		
Incident	Disciplinary steps/criminal proceedings	
Expenditure contrary to SCM Processes - 2010	None	3 715 210
Expenditure contrary to SCM Processes - 2012	None	2 661 945
Preference point system not used for bids between R30 000 and R200 000	None	818 210
Tax Reference numbers not obtained for transactions between R10 000 - R30 000	None	1 235 759
	8 431 124	8 431 124

Recoverability of all irregular expenditure will be evaluated by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

45. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

45.1 Contributions to organised local government - [MFMA 125 (1)(b)] - (SALGA CONTRIBUTIONS)

Opening balance	1 428 648	978 648
Council subscriptions	522 000	450 000
Amount paid - current year	-	-
Amount paid - previous years	-	-
Balance unpaid (Included in creditors)	1 950 648	1 428 648

45.2 Audit fees - [MFMA 125 (1)(c)]

Opening balance	2 804 125	1 700 290
Current year audit fee	2 333 998	1 103 835
External Audit - Auditor-General	1 980 669	788 942
Internal Audit	-	125 000
Interest	353 329	191 893
Amount paid - current year	-	-
Amount paid - previous year	-	-
Balance unpaid (Included in creditors)	5 138 124	2 804 125

45.3 VAT - [MFMA 125 (1)(c)]

VAT is payable on the payment basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year. The net of VAT Input Payables and VAT Output Receivables are shown in Note 9.

45.4 PAYE and UIF - [MFMA 125 (1)(c)]

Opening balance	1 510 441	391 616
Current year payroll deductions	1 907 160	1 714 983
Amount paid - current year	(720 502)	(596 158)
Balance unpaid (Included in creditors)	2 697 098	1 510 441

45.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]

Opening balance	1 229 266	349 624
Current year payroll deductions and Council Contributions	3 279 938	2 827 685
Amount paid - current year	(2 635 091)	(1 598 420)
Amount paid - previous year	(1 150 603)	(349 623)
Balance unpaid (included in creditors)	723 510	1 229 266

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

45.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June 2015:

	Outstanding more than 90 days
E Stewens	1 647
MJ Cloete	1 413
MR Klaase	502

45.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36(1)(a) and (b)

	Type of Deviation				
	Amount	Single Supplier	Impossible	Impractical	Emergency
July	300 735	76 342	32 448	-	191 945
August	182 197	86 738	76 298	-	19 161
September	182 255	52 450	73 079	-	56 727
October	107 933	53 914	30 284	-	23 735
November	79 503	50 014	16 095	-	13 395
December	127 678	45 000	7 326	-	75 353
January	172 196	131 413	-	-	40 783
February	149 936	100 847	49 089	-	-
March	120 262	60 000	58 047	-	2 215
April	137 462	60 000	77 462	-	-
May	94 389	69 400	6 720	-	18 269
June	157 880	97 528	56 009	-	4 343
	<u>1 812 426</u>	<u>883 645</u>	<u>482 857</u>	<u>-</u>	<u>445 925</u>

45.8 The following suppliers did not indicated that a member is in service of the state as required by section 13 (c)(l) of the Supply Chain Management Regulations:

Service provider	Name of member	State Department	Contract Value
African Oxygen Ltd	KDK Mokhele	Nat: Science and Technology	1 845
Business Connexion	NN Kekana	Gauteng Film Commission	129 039
		2015 R	2014 R

45.9 Material losses

Electricity distribution losses

Units purchased (Kwh)	5 850 908	6 364 907
Units lost during distribution (Kwh)	1 264 732	1 825 887
Percentage lost during distribution	21.62%	28.68%
Distribution loss (Rand Value)	1 455 726	1 918 155

Water distribution losses

Units purchased (ml)	296 931	379 971
Units lost during distribution (ml)	46 660	159 321
Percentage lost during distribution	15.71%	41.93%
Distribution loss (Rand Value)	474 934	1 266 602

46. **CAPITAL COMMITMENTS**

Commitments in respect of capital expenditure:

Approved and contracted for:

	2 008 530	4 502 000
Infrastructure	<u>2 008 530</u>	<u>4 502 000</u>
Total	<u>2 008 530</u>	<u>4 502 000</u>

This expenditure will be financed from:

Government Grants	2 008 530	4 502 000
Total	<u>2 008 530</u>	<u>4 502 000</u>

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

47. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Price Risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/(deficit) for the year due to changes in interest rates were as follow:

	2015 R	2014 R
1% (2014: 1%) Increase in Interest rates	10 595	3 079
1% (2014: 1%) Decrease in Interest rates	(10 595)	(3 079)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other receivables are disclosed net after provisions are made for impairment and bad debts. Trade receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual debtors into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Debtors with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

All rates and services are payable within 30 days from invoice date. Refer to note 15 and 16 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

	2015 %	2015 R	2014 %	2014 R
<u>Non-exchange Receivables</u>				
Rates	100.00%	11 727 860	100.00%	7 864 228
<u>Exchange Receivables</u>				
Electricity	17.02%	5 718 432	13.83%	3 759 656
Water	29.21%	9 817 173	28.63%	7 784 575
Housing Rentals	0.00%	-	0.00%	-
Refuse	12.39%	4 163 955	12.79%	3 477 601

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

Sewerage	6.51%	2 220 661	6.68%	1 817 822
Other	34.77%	11 584 787	38.08%	10 354 712
	100.00%	33 605 008	100.00%	27 194 366

No receivables are pledged as security for financial liabilities.

Due to short term nature of trade and other receivables the carrying value disclosed in note 15 and 16 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of receivables as follow:

	2015 %	2015 R	2014 %	2014 R
<u>Long-term Receivables</u>				
Rates and Services	0.00%	-	0.00%	-
<u>Non-exchange Receivables</u>				
Rates	24.75%	9 452 920	9.33%	2 715 111
<u>Exchange Receivables</u>				
Services	75.24%	28 729 248	90.67%	26 396 164
	100.00%	38 182 168	100.00%	29 111 274

	Exchange Receivables	Non-exchange Receivables
<u>Ageing of amounts past due but not impaired are as follow:</u>		
2015		
1 month past due	1 148 172	205 053
2+ months past due	1 542 024	1 508 519
	2 690 195	1 713 572
2014		
1 month past due	-	430 670
2+ months past due	15 154	4 576 796
	15 154	5 007 666

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are all listed on the JSE (First National Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows:		
Receivables from exchange transactions	33 605 008	27 194 366
Receivables from non-exchange transactions	11 848 998	7 896 127
Cash and Cash Equivalents	1 546 493	761 536
	<u>47 000 499</u>	<u>35 852 030</u>

(e) Liquidity Risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2015				
Long-term Liabilities	204 360	407 995	-	-
Trade and Other Payables	33 188 889			
	<u>33 393 249</u>	<u>407 995</u>	<u>-</u>	<u>-</u>
	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	More than 10 years
2014				
Long-term Liabilities	225 555	344 985	-	-
Trade and Other Payables	29 378 155	-	-	-
	<u>29 603 710</u>	<u>344 985</u>	<u>-</u>	<u>-</u>
			2015 R	2014 R

48. FINANCIAL INSTRUMENTS

In accordance with GRAP104.45 the financial liabilities and assets of the municipality are classified as follows:

Receivables from Exchange Transactions

Electricity	Financial Instruments at amortised cost	5 718 432	3 759 656
Water	Financial Instruments at amortised cost	9 817 173	7 784 575
Refuse	Financial Instruments at amortised cost	4 163 955	3 477 601
Sewerage	Financial Instruments at amortised cost	2 220 661	1 817 822
Other Arrears	Financial Instruments at amortised cost	11 684 787	10 354 712

Cash and Cash Equivalents

Call Deposits	Financial Instruments at amortised cost	728 573	573 834
Total Financial Assets		<u>35 151 501</u>	<u>27 955 903</u>

KAMIESBERG MUNICIPALITY

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
SUMMARY OF FINANCIAL ASSETS			
Financial Instruments at amortised cost:			
Receivables from Exchange Transactions	Electricity	5 718 432	3 759 656
Receivables from Exchange Transactions	Water	9 817 173	7 784 575
Receivables from Exchange Transactions	Refuse	4 163 955	3 477 601
Receivables from Exchange Transactions	Sewerage	2 220 661	1 817 822
Receivables from Exchange Transactions	Other Arrears	11 684 787	10 354 712
Cash and Cash Equivalents	Bank Balances	817 920	187 702
Cash and Cash Equivalents	Call Deposits	728 573	573 834
		<u>35 151 501</u>	<u>27 955 903</u>
Total Financial Assets		<u>35 151 501</u>	<u>27 955 903</u>
48.1 Financial Liabilities	<u>Classification</u>		
Trade and Other Payables			
Trade Creditors	Financial Instruments at amortised cost	26 852 480	23 631 867
Retentions	Financial Instruments at amortised cost	396 792	68 165
Sundry Deposits	Financial Instruments at amortised cost	5 131 615	5 384 218
		<u>33 675 867</u>	<u>29 084 250</u>
SUMMARY OF FINANCIAL LIABILITIES			
Financial Instruments at amortised cost:			
Trade and Other Payables	Trade Creditors	26 852 480	23 631 867
Trade and Other Payables	Retentions	396 792	68 165
Trade and Other Payables	Sundry Deposits	5 131 615	5 384 218
		<u>32 380 886</u>	<u>29 084 250</u>
49. STATUTORY RECEIVABLES			
In accordance with the principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:			
Taxes			
Vet Receivable		-	-
Receivable from Non-Exchange Transactions			
Rates		33 605 008	27 194 366
Fines		-	-
		<u>33 605 008</u>	<u>27 194 366</u>
50. EVENTS AFTER THE REPORTING DATE			
The Municipality is not aware of any events after the reporting date.			
51. IN-KIND DONATIONS AND ASSISTANCE			
The municipality received the following in-kind donations and assistance:			
(i) Secondment of a Finance Advisor by National Treasury for two years.			
52. PRIVATE PUBLIC PARTNERSHIPS			
Council has not entered into any private public partnerships during the financial year.			

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

53. CONTINGENT LIABILITY

Claims against Council	1 300 000	780 000
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The municipality is being sued by the widow of Mr LJ Swart for damages and loss of support. The municipality allegedly failed to switch off the electricity supply to the supply system on which Mr Swart was working as an independent contractor on behalf of the municipality, which caused Mr Swart to receive a fatal electrical shock. The municipality is defending the claim based on legal advice. A trial date has not been set to date. The claimed amount does not include legal costs. The outcome of the case is still uncertain.

The municipality does not have a permit or license for landfill-sites currently in use in Garies and Hondeklip Bay, and could be liable for a penalty, to a maximum amount of R10 000 000, in terms of section 68(1) National Environmental Management: Waste Act, 2008 (Act No. 59 of 2008).

54. RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

54.1 Related Party Transactions

	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2015				
Councillors				
MR Klaase	1 805	8 047	1 557	3 683
EA Stewens		2 044	430	2 479
MJ Cloete	6 561	15 479	430	5 548
MS Cardinal	1 326	1 838	430	840
SC Nero		1 504	430	551
	<u>9 692</u>	<u>28 912</u>	<u>3 277</u>	<u>13 081</u>
Municipal Manager and Section 57 Employees				
JG Cloete	-	9 238	430	803
F Links	1 004	4 405	430	778
	<u>1 004</u>	<u>13 843</u>	<u>860</u>	<u>1 579</u>
	Rates	Service Charges	Other	Outstanding Balance
Year ended 30 June 2014				
Councillors				
MJ Cloete	2 259	19 196		1 258
SC Nero	34	1 496		232
MR Klaase	-	8 450		4 603
MS Cardinal	144	1 547		213
	<u>2 437</u>	<u>30 689</u>	<u>-</u>	<u>6 204</u>
Municipal Manager and Section 57 Employees				
FA Links	292	3 738	-	734
DC Beukes	-	2 457	-	451
JG Cloete	-	9 407	-	1 735
	<u>292</u>	<u>15 602</u>	<u>-</u>	<u>2 920</u>

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

54.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted.

54.3 Compensation of key management personnel

The compensation of key management personnel is set out in note 28 to the Annual Financial Statements.

55. FINANCIAL SUSTAINABILITY

The extremely high cost associated with the **Delivery of Basic Services and Infrastructure** needs to communities due to the vast distances between several settlements coupled with the social-economic profile (high unemployment rate) of **Kamiesberg communities** resulted in a serious risk for Kamiesberg Municipality's going concern.

Unless sustainable job creation is achieved, **Kamiesberg Municipality** will not be able to function as a going concern without Government Grants and Subsidies.

In spite of aforementioned, management has prepared the **Annual Financial Statements** on the Going Concern Basis.

APPENDIX A
KAMIESBERG MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2014	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2015
LEASE LIABILITY								
Nashua	14.00%	Various		451 630	-	273 960	(238 611)	486 979
Nashua Mobile	10.00%	Various		2 053	-	-	(2 053)	(0)
Total Lease Liabilities				453 683	-	273 960	(240 664)	486 979
TOTAL EXTERNAL LOANS				453 683	-	273 960	(240 664)	486 979

APPENDIX B
KAMIESBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
(1 821 260)	(3 073 687)	(4 894 947)	Executive & Council	(1 896 112)	(3 585 467)	(5 481 579)
21 043 494	(12 458 985)	8 584 509	Budget & Treasury Office	32 320 166	(9 826 411)	22 493 755
693 426	(8 437 514)	(7 744 088)	Corporate Services	793 807	(14 228 563)	(13 434 755)
284 374	(846 843)	(562 469)	Planning & Development	272 934	(896 878)	(623 944)
-	-	-	Health	-	-	-
591 005	-	591 005	Community & Social Services	553 769	(186 241)	367 528
-	-	-	Housing	-	-	-
-	-	-	Public Safety	-	-	-
610 431	(88 964)	521 467	Sport and Recreation	13 203	(79 520)	(66 317)
-	-	-	Environmental Protection	-	-	-
1 776 635	(4 275 946)	(2 499 311)	Waste Management	1 943 204	(4 909 082)	(2 965 877)
1 326 977	-	1 326 977	Waste Water Management	1 407 576	-	1 407 576
768 206	(4 627 521)	(3 859 316)	Road Transport	884 210	(2 533 517)	(1 649 307)
3 698 714	(7 931 621)	(4 232 907)	Water	4 342 613	(3 069 344)	1 273 269
4 658 741	(11 819 014)	(7 160 274)	Electricity	5 204 607	(12 201 975)	(6 997 368)
33 630 742	(53 560 096)	(19 929 354)	Sub Total	45 839 977	(51 516 997)	(5 677 020)
-	-	-	Less inter-Departmental Charges	-	-	-
33 630 742	(53 560 096)	(19 929 354)	Total	45 839 977	(51 516 997)	(5 677 020)

APPENDIX C
KAMIESBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
MUNICIPAL VOTES CLASSIFICATIONS

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
(1 821 260)	(804 302)	(2 625 562)	EXECUTIVE & COUNCIL	(1 896 112)	(894 326)	(2 790 438)
-	(2 269 385)	(2 269 385)	Municipal Manager	-	(2 691 141)	(2 691 141)
			Councillors			
21 043 494	(12 458 985)	8 584 509	FINANCE & ADMINISTRATION	32 320 166	(9 826 411)	22 493 755
856 664	(8 437 514)	(7 580 850)	Finance	1 011 826	(14 228 563)	(13 216 736)
584 760	-	584 760	Administration	542 755	(186 241)	356 514
			Commonage			
5 311	-	5 311	COMMUNITY & SOCIAL SERVICES	10 259	-	10 259
934	-	934	Cemeteries	754	-	754
			Libraries			
596 169	(88 964)	507 205	SPORT AND RECREATION	-	(79 520)	(79 520)
14 263	-	14 263	Sportgrounds and Community Facilities	13 203	-	13 203
			Caravan Park			
1 776 635	(4 275 946)	(2 499 311)	WASTE MANAGEMENT	1 943 204	(4 909 082)	(2 965 877)
			Refuse and Sanitation			
3 698 714	(7 931 621)	(4 232 907)	WATER	4 342 613	(3 069 344)	1 273 269
			Water			
4 658 741	(11 819 014)	(7 160 274)	ELECTRICITY	5 204 807	(12 201 975)	(6 997 368)
-	-	-	Electricity			
121 138	(848 843)	(725 707)	ECONOMIC AND SOCIAL DEVELOPMENT	54 915	(898 878)	(841 963)
			Local Economic Development			
768 206	(4 627 521)	(3 859 316)	TECHNICAL AND ROADS	884 210	(2 533 517)	(1 649 307)
			Streets			
1 326 977	-	1 326 977	WASTE WATER MANAGEMENT	1 407 576	-	1 407 576
			Sewerage			
33 630 742	(53 580 096)	(19 929 354)	Sub Total	45 839 977	(51 516 997)	(5 677 020)
-	-	-	Less Inter-Departmental Charges	-	-	-
33 630 742	(53 580 096)	(19 929 354)	Total	45 839 977	(51 516 997)	(5 677 020)

APPENDIX D
KAMIESBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2014	Correction of Error	Restated Balance 30 June 2014	Contributions during the year	Interest on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2015	Unspent 30 June 2015 (Creditor)	Unpaid 30 June 2015 (Debtor)
National Government Grants											
Equitable Share	-	-	-	13 411 000	-	-	(13 411 000)	-	-	-	-
Finance Management Grant	-	-	-	1 800 000	-	-	(1 832 967)	-	(32 967)	-	(32 967)
Municipal System Improvement Grant	476 027	-	476 027	934 000	-	-	(867 471)	-	542 555	542 555	-
Municipal Infrastructure Grant	4 998 120	-	4 998 120	9 129 000	-	-	-	(7 903 737)	6 223 384	6 223 384	-
Integrated National Electrification Grant	164 805	-	164 805	-	-	-	-	-	164 805	164 805	-
Total National Government Grants	5 638 952	-	5 638 952	25 274 000	-	-	(16 111 438)	(7 903 737)	6 897 777	6 930 744	(32 967)
Provincial Government Grants											
Expanded Public Works Programme	928 620	-	928 620	1 000 000	-	-	(144 855)	(731 244)	1 052 520	1 052 520	-
Department Water Affairs and Environment	141 362	-	141 362	-	-	-	-	-	141 362	141 362	-
Housing	-	-	-	-	-	-	-	-	-	-	-
Library	218 219	-	218 219	653 000	-	-	(248 412)	-	622 808	622 808	-
Project Nala	620 180	-	620 180	-	-	-	-	-	820 180	820 180	-
Department Finance, Economic Development & Tourism	50 000	-	50 000	150 000	-	-	-	-	200 000	200 000	-
Tourism	78 451	-	78 451	15 865	-	-	(47 176)	-	47 140	47 140	-
Department Social Services	482	-	482	-	-	-	-	-	482	482	-
Department Sport, Arts and Culture	8 262	-	8 262	-	-	-	-	-	6 262	6 262	-
Drought Relief	24 409	-	24 409	-	-	-	-	-	24 409	24 409	-
Total Provincial Government Grants	2 067 985	-	2 067 985	1 818 865	-	-	(440 443)	(731 244)	2 715 163	2 715 163	-
District Municipality											
Namakwa DM	435 138	-	435 138	115 386	-	-	(226 399)	-	324 125	324 125	-
Total District Municipality Grants	435 138	-	435 138	115 386	-	-	(226 399)	-	324 125	324 125	-
Total Grants	8 142 075	-	8 142 075	27 208 251	-	-	(16 778 280)	(8 634 981)	9 937 065	9 970 032	(32 967)

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received. No grants were withheld.